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World News

Premadasa wins secure majority in Sri Lanka

Sri Lankan voters who defied death threats and an election boycott called by the extremist Singalese JVP gave President Ranasinghe Premadasa a secure parliamentary majority with 125 seats out of 225.

Independence plan

United Nations Security Council authorised an independence plan and peacekeeping force for Namibia, taking one more step to end 74 years of South African rule.

Boeynants suspect

A Yugoslav suspected of kidnaping former Belgian Prime Minister Paul Vanden Boeynants was charged with theft and possession of false documents in Metz, France.

UN block request

UN Secretary General Javier Perez de Cuellar said he was considering an Afghan government request to establish official outposts to block rebel arms routes from Pakistan.

Founding congress

Political group which claims to be post-war Yugoslavia's first non-Communist political party, the Social Democratic Union of Slovenia, was due to start its founding congress in Ljubljana.

Manila aid plan

The World Bank has accepted a co-ordinating role in a \$500-million multilateral aid plan for the Philippines.

Belfast gun raid

Gunmen lined up customers in Belfast's Orange Cross Social Club's Protestant bar and wounded five of them by opening fire at point-blank range.

Peru miners strike

Over 80,000 Peruvian miners staged a 24-hour strike in mourning and protest at the assassination of Saul Cantoral, secretary general of Peru's powerful Miners Federation.

Beirut truce ends

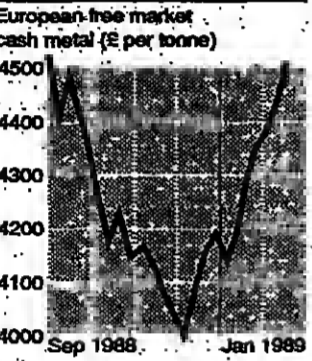
Rival Christians shelled each other in east Beirut, snatching a church-mediated truce less than 24 hours old.

Business Summary

European boom aids record Ford profits

FORD, world's second largest automotive manufacturer, made record profits in 1988 for the third year running. But all of the earnings increase was due to Ford's performance in the booming European car market.

Tin



\$9,000 a tonne on the European free market yesterday, \$75 a tonne above the price on Wednesday afternoon and the highest level since March 1988.

US Treasury

US Treasury partially reversed a Customs Service ruling that would have raised tariffs on minivans and sports-utility vehicles from 2.5 per cent to 25 per cent.

BRITAIN'S official unemployment

count fell below the symbolic 2m mark for the first time in eight years, reaching the lowest figure since 1981, after a big fall in January.

LUFTHANSA has ordered 15

of the new long-range Airbus A340 airliners with options on another 15. Airbus said the \$3bn contract followed a decision by the West German airline to buy the A340 early in its development.

BRITISH PETROLEUM announced an increased dividend

of 13.5p per share for 1988, 1p higher than for 1987, with a 10 per cent increase in its after tax profits.

JAPANESE authorities are tightening rules covering the flotation of companies on the over-the-counter market

in the wake of the Recruit scandal. Page 25

NORTHERN, US military aircraft group, was hit in the fourth quarter by a \$150m loss provision for certain classified fixed-price research and development contracts.

INDIA is expected to establish a mechanism that will help British companies sidestep some of the bureaucratic obstacles that can impede foreign investment in India.

Gorbachev admits perestroika could run out of steam

By Quentin Peel in Moscow

PRESIDENT Mikhail Gorbachev of the Soviet Union has admitted that his economic programme of perestroika is in danger of running out of steam.

In a highly publicised speech to industrial workers summoned to the Communist Party headquarters for a meeting with virtually all the leading members of the ruling Politburo, he rejected speculation about his own political survival, called on the industrial workers of the country to sack their bosses if they blocked reforms, and promised tougher sanctions against corruption and "rampant pilfering."

UK freezes relations with Iran after death threat

By Victor Mallet, Middle East Correspondent, in London

BRITAIN yesterday announced suspension of its plans to resume relations with Iran, after strongly condemning Ayatollah Ruhollah Khomeini's decree ordering the death of Mr Salman Rushdie, the British writer.

Storehouse faces lower profits

By Maggie Urry in London

STOREHOUSE, the British retail group headed by Sir Terence Conran, yesterday warned of "significantly lower group profits" in its financial year ending next month and unveiled plans for a \$48m (£34m) exceptional provision covering stock write-offs, reorganisation costs and several hundred job cuts among its non-sales staff.

Western speculation that he might lose power. "This is not the issue. They are trying to pin everything on one person."

Political observers in Moscow do not believe the Soviet leader faces any serious immediate threat to his own position within the Politburo, despite a backlog of economic problems facing the perestroika process.

India. The Iranian consulate in Bombay said the threat was absurd mischief-mongering.

Mr Michael Julien, Storehouse chief executive, said the planned strategic changes - which follow a review of the business since he joined the group in June last year - were necessary "to get a grip on the business as a whole."

Moscow angles for influence in Middle East peace efforts

in the most concerted effort in the Middle East in recent years, the four starting today by Mr Edward Shevardnadze, Soviet Foreign Minister, underlines Moscow's desire for acceptance as an intermediary in peace efforts.

strong enough to tolerate them, though many of you said here it is high time to apply the force of the law."

He yet again used strong words to condemn the growing tide of nationalism and separatism in the Baltic republics and elsewhere. "We have laws which envisage punishment for fanning the flames of ethnic discord and for instigating disturbances," he said, citing just those laws currently being used against members of the Armenian Karabakh committee who are held in detention.

Recruit Cosmos: Stink of scandal taints future prospects for the publishing group

Management: Corporate alliances: beware the iron fist in the velvet glove. 11

Editorial comment: UK public pay dilemmas; Hungary's leap in the dark

UK politics: Labour opposition rolls with the punches. 17

US Defense Department: Pentagon's brass hats wait for Tower

18

Survey: Cuba

Section III



Blacks turn their backs on Winnie Mandela

By Anthony Robinson in Johannesburg

SOUTH Africa's black community yesterday turned its back on Mrs Winnie Mandela, wife of jailed African National Congress (ANC) leader Mr Nelson Mandela and once adored as "mother of the nation."

Swindon is better for your health.

Mr Robert Reiplinger, an associate of Mr Max Theret, Mr Pierre Alain Marsson, and Mr Ricardo Zava, both stockbrokers, and Miss Isabelle Piereo, a friend of Mr Pelat and Miss Piereo were charged with profiting from insider trading, while the three others were charged with insider trading.

Five charged in French share scandal

By Ian Davidson in Paris

FRANCE'S long-running Pechiney stock-market scandal escalated sharply yesterday, with incalculable political consequences, when five people were charged with insider trading, including Mr Roger-Parice Pelat, a close personal friend of President Francois Mitterrand.

Swindon Enterprise

THE PROFIT BASE.

Advertisement for Swindon Enterprise, featuring a landscape illustration and text: 'SWINDON ENTERPRISE THE PROFIT BASE.'

MARKETS table with columns for Singapore, Sterling, Stock Indices, and Interest Rates.

Table with columns for Europe, America, Companies, and Commodity, listing various market indicators.

Table with columns for Agriculture, Financial Futures, Gold, International Bonds, and other market categories.

EUROPEAN NEWS

Export credit policy high on Delors agenda for year

By David Buchan in Brussels

THE EUROPEAN Commission's "priority, even obsession" remained the completion of Europe's single market...

remember the effort the Commission was putting into opening the positions of the Twelve together...

Luxembourg yesterday asked the European court of justice to annul the European parliament's decision to hold some of its plenary sessions in Brussels...

in Brussels, the Parliament's administration is based in Luxembourg city and its plenary sessions are held once a month in Strasbourg...

that export credits to Eastern Europe need to be co-ordinated, particularly in the light of expected forthcoming negotiations for bilateral trade agreements...

from Brussels new proposals on harmonising corporate tax bases and rates, extending insurance liberalisation, improving banks solvency ratios...

Agreement signed on nuclear breeder that no one wants to host

By David Marsh in Bonn

FRANCE AND West Germany remain deeply divided over where to site a European nuclear fast breeder in spite of an agreement signed here yesterday between the two countries...

by then, West Germany would not come into question. Mr Heinz Rissenauer, the West German Technology Minister, is anxious to keep the public sector commitment to the controversial nuclear programme as low as possible...

New party formed in Yugoslavia

By Aleksandar Lebl in Belgrade

A POLITICAL group which claims to be post-war Yugoslavia's first non-Communist political party, the Social Democratic Union of Slovenia, was due to start its founding congress last night in the northern city of Ljubljana...

Among the Social Democrats' most controversial policies is a demand for a separate Slovene unit of the Yugoslav national army. The army is currently one of the country's few institutions which is not divided into Yugoslav republics...

Polish union move

The Polish Government agreed with Solidarity yesterday that provisions of a 1982 law which restrict unions to representing individual branches of industry should be dropped...

Gulf widens between leaders and led in East Germany

AN OFFICIAL crackdown last month in Leipzig on East German "democratic renewal" along the lines of the Soviet Union's reforms highlighted the widening gulf between the conservative East German leadership and the country's increasingly outspoken population...

At the same time, officials openly cast doubt on the viability of the Soviet economic and political reforms. Mr Mikhail Gorbachev's chances of survival would be bleak indeed if he had to depend on support from Mr Erich Honecker, the orthodox East German leader...

who once extolled the Soviet Union as the only model for East Germany now look elsewhere. Dr Hans Modrow, first secretary of the Communist party in the industrially-important Dresden district, studied in the Soviet Union and knows its problems intimately...

Leslie Colitt reports on the mounting pressures for change in a country whose top echelons would rather keep things as they are

suggested that East Germans felt closer to Japan, of which he is an ardent admirer. At 60, Dr Modrow is regarded by some as a potential successor to the 76-year-old Mr Honecker. However, he is not a member of the politburo and thus lacks a power base...

ing and opposition to reforms have caused Mr Honecker's popularity to sink to its lowest point since becoming leader. But the East German media continues to extol domestic stability while comparing it with rampant inflation and plummeting living standards in other Warsaw Pact states...

The authorities brand as "anti-Socialist" all attempts by citizen groups to lift the veil of secrecy over nearly all aspects of life. Thus, independent environmental groups seeking to obtain data on the country's serious pollution problem, are criminalised...

A senior churchman in Dresden said the authorities privately acknowledged the wide environmental pollution. But the political priority remained curbing the growth of all groups in order to prevent living standards from falling...

Fed expects 6% inflation in US, says Stoltenberg

MR Gerhard Stoltenberg, the West German Finance Minister, told parliament yesterday that he understood that the Federal Reserve now expected the US inflation rate in 1989 to be 6 per cent, Reuter reports from Bonn...

Britain was now 7 per cent and in Italy approaching 6 per cent. Rising inflation justified a recent tightening of monetary policy by central banks, he added. West Germany's central bank, the Bundesbank, left its leading interest rates unchanged yesterday despite strong market speculation of an increase...

Hungary and Romania may both sign United Nations convention on refugees

By Judy Dempsey in Vienna

AS THE number of ethnic Hungarians from Romania who are seeking political asylum in Hungary increases, both countries are now considering joining the United Nations 1951 Convention on Refugees...

Since 1988, several special camps have been set up both in Budapest and in Debrecen, which is close to the Romanian border to ease for the ethnic Hungarians. But both the expense and the growing problem has prompted the Hungarian Foreign Ministry to open up negotiations with the UN High Commissioner for Refugees...

neighbours. In theory, it could mean that citizens from East Germany, Czechoslovakia and Romania could take advantage of Hungary's new status and make efforts to cross the border into neighbouring Austria which is already experiencing serious difficulties in coping with the influx of people from Eastern Europe...

Government takes back seat to Italian party manoeuvring

John Wyles on the intense behind-the-scenes activity which has preceded tomorrow's Christian Democrat congress

HOW EXTREME is the game of politics in Italy? For the past month the Christian Democratic party (DC), the dominant party of government for 40 years, has been talking to itself. Government activity has been reduced to a shuffle as key ministers, from the Prime Minister downwards, have passed hundreds of hours in frequently acrimonious backroom meetings, preparing for an event which has clearly preoccupied them far more than the public deficit, the Mafia or any other national problem...

in only the past 10 months of his seven-year term as party secretary has Mr De Mita begun to see the world through the eyes of a man of government rather than party. He has grasped the size of the nation's problems (public debt, bureaucracy, poor public services) and the difficulty of supplying a governing response through a rowdy five-party coalition based on a party, his own, which tends to bring either application or coherence to the task...

MR CIRIACO DE MITA, the Italian Prime Minister, has circulated his cabinet colleagues with plans for apparently deep-rooted cuts in health and pensions spending which also seek important economies in public employment and rail subsidies, writes John Wyles...

increases would be indexed for inflation only for general pay rises negotiated in the economy. Charges would be reintroduced for a range of health services and the administration of the service would be given to professional administrators. Civil service and local authority pay rises would be limited to 1 per cent in real terms for the next three years and seniority payments replaced by merit and productivity criteria...

him secretary, and it looks unlikely that he can, he will have three basic aims: To ensure that the congress endorses the "political line" he has traced both in terms of public policy and party management over the last seven years. To secure the election of a secretary over whom he could exercise some control. To have himself elected president of the party so as to emphasise that he remains a major political figure...

Mr Cava wants to cut down Mr De Mita, but not to humble him. He might be content to have him as president of the party if Mr De Mita would swing behind a unity candidate. For a week or so, this designation has sat on the shoulders of Mr Antonio Forlani whom Mr De Mita does not want. Mr Forlani has been secretary in the past and Prime Minister for seven months in 1980-81. Nice and not too industrious, Mr Forlani is, none the less, his own man with his own followers ("Forlaniani") in the party...

Belgian kidnapping suspect arrested

A YUGOSLAV suspected of kidnapping former Belgian prime minister Paul Van den Boeynants was charged with theft and possession of false documents in the eastern French city of Metz yesterday, Reuter reports...

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OVERSEAS NEWS

Premadasa wins secure majority in Sri Lanka

By Mervyn de Silva in Colombo

SRI LANKAN voters who defied death threats and an election boycott called by the extremist Sinhalese JVP gave President Ranasinghe Premadasa a secure parliamentary majority on Wednesday. In an enlarged assembly of 225 MPs, elected for the first time on a complicated proportional representation system...

Aura of scandal taints future prospects for Recruit

Ian Rodger reports that withdrawal of government favour will hit the Japanese publishing group hard

THE future of the Recruit publishing group as an independent entity looks increasingly in doubt as the scandal over its large gifts to leading politicians, civil servants and businessmen spreads. It is emerging that most of Recruit's businesses - publishing magazines on job and housing markets, developing and financing condominium apartments and offering computing and data communications services - relied heavily on special favours from various levels of government...

estate market, is widely believed to have had a mutually beneficial information exchange with Recruit Cosmos over the years, but this will presumably no longer be so valuable in the future. In its computer services and data communications business, Recruit benefited greatly from its special ties with Nippon Telegraph and Telephone up to now to build up a position in these new markets...

Normally, in a situation like this in Japan, a company's lead bank would take charge of things, injecting managers and trying to find a long term solution with a minimum of disruption. However, Recruit does not have a lead bank, so the prospect of a long, messy restructuring cannot be ruled out. Inevitably, the name of Sumitomo Bank as a potential rescuer has been named. Sumitomo has acquired some fame for taking over troubled businesses and turning them into success. However, a Sumitomo official said yesterday the speculation was unfounded and that Recruit was not of interest.

Key Afghan group returns to shura

By Our Foreign Staff

A KEY moderate Afghan rebel group last night returned to the shura, a special council debating the makeup of a possible interim government for Afghanistan, but the council's divisions seemed no nearer solution. The Afghan National Liberation Front (ANLF) returned to the shura following a two-day boycott after Moslem fundamentalists proposed an interim government for Afghanistan, Zabihullah Mojaddidi, a party spokesman said. Front members said their absence - sparked by disagreements over how many seats should be given to eight Tehran-based mujahideen groups - weakened opposition to a government under Ahmad Shah, a fundamentalist US-educated engineer...

World Bank leads aid plan for Philippines

By Richard Gourlay in Manila

THE World Bank has accepted a co-ordinating role in a \$500-million multilateral aid plan for the Philippines. The move aims to ensure the country will continue economic adjustment policies proposed by International Bankers, the International Monetary Fund and the Bank. Mr Barber Conable, the World Bank president, said the so-called mini-Marshall plan, which Japan and the US are likely to play the largest part in financing, was now dependent on the Philippines to identify donors. How active a role the World Bank will take is still unclear because the plan is in such an early stage. A respected businessman, Mr Roberto Villanueva, was appointed last month to speed disbursements of aid already committed and co-ordinate the new plan. However, officials said mini-Marshall aid projects were likely to be scrutinized by the World Bank which already makes a number of loans conditional on structural adjustment in specific areas of the economy. Donor contributions are likely to be "dependent on certain economic goals being achieved through our programmes", Mr Conable said. The World Bank's involvement in long-term economic policy will complement the short-term financial stabilisation impact of IMF programmes, such as the \$1.5bn package now being finalised, he said. On Wednesday President Corason Aquino called for more assistance from the international community. "Our resources are severely constrained, with up to 30 per cent of our foreign exchange receipts used to pay our external debt (now \$28.5bn) and 43 per cent of our budget diverted to service our external and domestic debts," Mrs Aquino said. Once the IMF programme is in place, talks with commercial bank creditors for up to \$1.5bn of new money and re-negotiations with the Paris Club of official creditors will resume. Mr Conable praised the Philippines as by far the best performer of the 17 heavily indebted countries having successfully grown at 8.7 per cent last year while keeping its inflation rate at below 10 per cent.



Three detainees leave a Johannesburg hospital where they were treated during the strike

S. African detainees end hunger strike

THE hunger strike by about 300 of the estimated 800 South African prisoners detained without trial appeared to be over last night after church leaders and lawyers received government assurances that many would be released, writes Anthony Robinson in Johannesburg. Strikers at Johannesburg's Diepkloof prison, where the hunger strike began 27 days ago, ended their fast early yesterday morning after being briefed by lawyers about a meeting on Tuesday with Mr Adriaan Vlok, Minister for Law and Order. Leading clerics, such as the Reverend Frank Chikane, general secretary of the South African Council of Churches, had earlier urged detainees to suspend their action pending the outcome of the meeting.

Liberalisation puts India in two minds over multinationals

David Housego on the Bhopal payout

THERE could be no more striking demonstration of the complex and confused attitudes in India towards foreign multinational corporations than two events that occurred yesterday in Delhi. The Indian press, belatedly but with virtual unanimity of view, published editorials condemning the Government for accepting the \$470m compensation awarded by the Supreme Court to victims of the 1984 Bhopal gas tragedy. The conservative Hindustan Times (itself owned by the Birla family, one of the most multinational of the Indian business groups) said: "The amount settled for is peanuts. The Bhopal case also shows how powerless are the third world countries against the multinationals." The condemnation in the press means that the opposition will certainly take up the issue as another cudgel with which to beat Prime Minister Rajiv Gandhi when parliament reconvenes next week. Mr V.C. Shukla, Information Minister under Mrs Indira Gandhi, and now an opposition leader in the Madhya Pradesh where the gas leak occurred, set the tone yesterday by accusing the Government of "surrender" and demanding the \$470m be seen as "interim compensation." The other event was the confirmation at a press conference in New Delhi by Mr Deays Henderson, chairman of ICI, that the British-based chemicals group intended to re-assess the multinational identity of its Indian subsidiary by renaming it ICI India. The company operates under the label of Indian Explosives Ltd (IEL). When Mr Henderson, who has been on a week-long visit to India, earlier explained the move to a business audience in Bombay and to IEL dealers in Madras, he received warm applause. In Madras, a union leader responded by saying that his union had always stuck to the ICI label. The two incidents reflect an ideological clash in a country which is still uncertainly navigating between its post-independence commitment to socialism and non-alignment, and its growing but uneasy embrace of economic liberalisation. The editorials draw on a long history of hostility to multinationals as indifferent to the welfare of developing countries and as putting balance sheets before human values. Distrust of foreign capitalism lies behind the Indian foreign exchange regulations which normally limit foreign companies' equity holding to 40 per cent. The difficulties that multinationals meet in India was one of the reasons that ICI considered pulling out a year or two ago. By comparison, a factor in its decision to stay and re-assess its multinational identity is the more competitive and outward-looking environment it now detects. Mr Henderson said he saw a growing realisation that "India must consider itself part of a world market." Ten years ago the balance of opinion in India was still hostile to multinationals as symbolised by Coca-Cola's winding up its operations. Overall the balance today is favourable as reflected in Coca-Cola's application to return. The difficulties it is experiencing in gaining approval for its project demonstrate as well the uncertainties of a transition phase. Behind the indignation in the Indian press at the \$470m compensation (roughly equivalent to India's existing current account deficit) is the sense of humiliation that Indian lives have been valued more cheaply than American ones and that the Government has accepted this. In practice official compensation for those killed in railway or other accidents puts a value on human life in India of Rs2,000-Rs10,000 (£73-£365). The \$470m works out at substantially more than that. The editorials also reflect anger that Union Carbide has escaped without formally admitting any liability. In Bhopal, interviews conducted by local reporters suggest there is more relief that the litigation is over than anger at the size of the award. "There is no point in now saying that the amount is too low," one Bhopal resident was quoted as saying yesterday. "The fact is that Union Carbide is so powerful that we cannot fight it long. A compromise always has an element of surrender." This readiness to compromise could change if the funds to be distributed disappear in bureaucratic delays or in corruption. There were plenty of cynics in Delhi yesterday who argued that the award would end up in officials' pockets. Help for UK companies, Page 6

Rabin tells Palestinians PLO talks are 'delusion'

By Andrew Whitely in Jerusalem

MR YITZHAK Rabin, the Israeli Defence Minister in charge of putting down the Palestinian uprising, is taking advantage of a decline in the violence to try to entice the inhabitants of the West Bank and Gaza Strip into a political dialogue. Insisting that his initiative was broadly endorsed by Prime Minister Yitzhak Shamir, the Likud leader, and "most" other members of the coalition government, Mr Rabin did not conceal his goal of separating the 1.7m Palestinians from the Palestinian Liberation Organisation. "If you are hoping the dialogue between the US and the PLO will bring about a solution to your plight, you are deluding yourselves," he told Palestinians last night in an interview on the Arabic service of Israel Television. He argued that recent high-level contacts between West European governments and Mr Yasser Arafat, the PLO chief, would bring no practical changes on the ground. Meanwhile, he noted, the Administration of President George Bush had made clear it would not impose any solutions on Israel. Local Palestinians thus had little choice other than to negotiate directly over their future with the Israeli Government, Mr Rabin said. He repeated his previously outlined plans for so-called "political elections" followed by a period of far-reaching autonomy for the region and, later, confederation with Jordan. The peace plans to be taken to Washington by Mr Shamir in April would be largely based on his ideas, he said. Trying to reassure Palestinians who see his proposals as "waste disposal autonomy", Mr Rabin said the Government accepted the West Bank and Gaza Strip "as a political entity."

New, cleaner Moscow sets off for the Middle East

With Afghanistan behind them, the Soviets go on diplomatic tour. Quentin Peel and Victor Mallet report

MR EDUARD Shevardnadze's 10-day tour of the Middle East, which begins today, is nearly timed. The Soviet Foreign Minister sets off only two days after the departure of the last Soviet troops from Afghanistan, where Moscow's fight against Moslem rebels alienated many Arabs. Even without the Afghanistan factor, it is a propitious moment for Soviet attempts to resolve the Arab-Israeli dispute. Soviet diplomacy had a hand in persuading the Palestine Liberation Organisation to accept the existence of Israel at the Palestine National Council meeting in Algiers last November, and Soviet relations with Israel are at their warmest since Moscow broke diplomatic ties at the time of the 1967 war. Mr Shevardnadze's tour of five countries - Syria, Jordan, Egypt, Iraq and Iran - amounts to the most concerted and high-level Soviet effort in the region in recent years, underlining Moscow's desire to present itself as an acceptable intermediary in Middle East peace efforts. In addition, Mr Shevardnadze is clearly hoping to reinforce the gradual improvement in relations with Iran. But the trip is notable primarily for the attention paid to the moderate Arab states in the Middle East, with a revival of high-level contacts with Egypt, and the first-ever visit by a Soviet foreign minister to Jordan. "There will be several essentially new ideas in the diplomatic baggage we will be taking with us on this trip," Mr Shevardnadze said in an interview before his departure. "The Soviet Union, being inseparably linked with the region geographically, historically and politically, can and must contribute to a settlement of this long drawn out and extremely troublesome conflict."

Soviet officials want to seize the opportunities arising from the renunciation of terrorism and the recognition of Israel by Mr Yasser Arafat, the PLO leader, which opened the way for the start of a dialogue between the PLO and the US. The two superpowers, no longer at loggerheads with each other, appear well placed to manoeuvre the various parties into preliminary negotiations about a Middle East peace settlement, even if the new US Administration of President George Bush is more inclined to caution than to bold initiatives. It is thought that Mr Shevardnadze may meet Mr Arafat in Baghdad. Paradoxically his first stop might be the most difficult. Syria is the traditional Middle East protégé of the Soviet Union, but it has been left on the sidelines by Mr Arafat's recent conciliatory initiatives and the end of the Cold War. The Soviet Foreign Minister is unlikely to look favourably

encourage the tentative rapprochement between Syria and Egypt, which is slowly being accepted back into the Arab fold after the disgrace of its 1979 peace treaty with Israel. Syria insists that it must be a party to any Middle East settlement, but it is clearly worried by the contrast between generous US backing for Tel Aviv and the lack of Soviet enthusiasm for the Syrian dream of "strategic parity" with Israel. "If the Americans are not going to change their policy, it means that the Soviets have to reconsider their Middle East detente policy," Mr Farouq al-Sharaa, the Syrian Foreign Minister, said recently. So far, however, the Soviet Union has shown no inclination to do any such thing. Instead it has pressed Syria to keep repaying its \$15bn military debt to Moscow, and at the same time strengthened its links with traditionally pro-western and conservative Arab states. In Iran and Iraq Mr Shevardnadze is expected to try to consolidate the Gulf war ceasefire. Although the Soviet Union was Iraq's biggest arms supplier during the war, it is anxious to improve relations with Iran, which lies on its southern border close to the Soviet Union's own Moslem communities. The one missing element in the visit is any attempt to raise the level of relations with Israel, but even on that score the Soviet Union has managed to reopen its lines of communication without arousing Arab fury. Diplomats in Moscow believe the Soviet Union has been remarkably successful in renewing its links with Israel. "They have done it behind closed doors, and using consular excuses," according to one Western diplomat. "They are now very well placed because for the first time in years they can say they are talking to both sides."



Shevardnadze: new ideas

WORLD TRADE NEWS

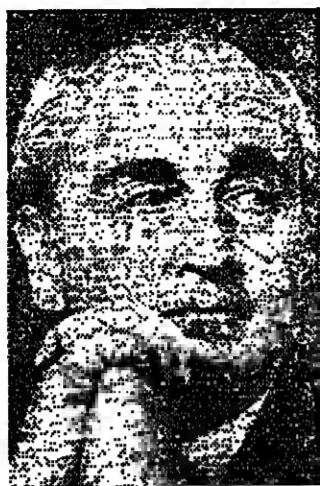
India poised to act over barriers to UK investment

By David Housego in New Delhi

INDIA is expected to establish a mechanism that will help British companies sidestep some of the bureaucratic obstacles that can impede foreign investment in India.

The move, likely to be announced during the visit to India next week of Lord Young, the British Trade and Industry Secretary, would confer on British companies the same "fast track" status accorded to Japanese and West German groups. France is also seeking to join the list.

What India calls the "fast track" procedure was initially granted to Japan after a visit there by Mr Rajiv Gandhi, the Prime Minister. It involves senior officials from several ministries getting together with foreign officials and businessmen, normally monthly, to discuss obstacles to investment. For companies it provides regular access to high-level officials. British businessmen are keen to have the same facility which they regard as giving the Germans and Japanese a competitive advantage. India would like to see the extension of the facility to Britain being accompanied by an increase in British investment. The move would also symbolically close a cool period in British-Indian rela-



Lord Young, mending fences with India

tions. Lord Young is the first British cabinet minister to visit India since January 1988. He is attending a meeting of the Indo-British Economic Committee (IBEC) which has not been convened for three years - itself a sign of the strains.

India believed that Britain could do more to curb the activities of Sikh extremists based in Britain. Mr Gandhi also objected to a Panorama

programme on India last year. Subsequently a brief embargo was placed on British arms sales to India and a British ministerial visit to India was cancelled.

Notwithstanding these problems, British exports to India marginally increased last year to over £1bn. This includes over \$400m of diamonds which are shipped through the UK. Britain's share of Indian imports has grown from a low of 6.5 per cent in 1984 to 9.5 per cent in 1987.

British companies made 34 equity-related investments in India last year. This was double the number of Japanese investments - which have fallen back sharply since Japanese companies moved into the Indian automotive industry between 1982 and 1984. Among the issues which Lord Young is expected to take up during his visit are India's under-utilisation of British aid funds. The British view is that India has not come up with sufficient suitable projects. Indian officials say that British prices are uncompetitive. Lord Young is to visit the Rihand power station in northern India of which Northern Engineering is completing construction. GEC is a favoured bidder for the second stage of the project.

Canadians voice fears of clash over 1992

By Andrew Marshall

THE Free Trade Agreement (FTA) between Canada and the United States does not present a threat to European exporters, but Canadians fear that moves toward a single European market may damage trade relations between the EC and Canada, Mr Donald MacDonald, the Canadian High Commissioner in London said yesterday.

In a speech to the Mid-Atlantic Club in London, he pointed to two sectors - life insurance and softwood lumber - where the creation of a single market

could affect Canadian trade interests.

Canadians feared that a directive under consideration on financial services would lead to a restrictive regime, erecting greater obstacles to Canadian life insurance companies in the UK, and would hamper their business in Europe generally. And EC technical standards for softwood lumber and plywood sold in the Community might constitute a hidden non-tariff barrier to exclude Canadian companies, he added.

"The Canadian concern is that in a bargain between Community members on integration, the standard agreed upon should not be that of the most regulated market to the prejudice of freer competition," Mr MacDonald said. "If the result of integration is to introduce barriers to Canadian access which have not been there before, then difficult relations between Canada and her European partners will result."

At the Davos symposium on the international economy last month, some economists and

trade officials raised the prospect of a world divided into trading blocs including North America and the European Community, with multilateral negotiations on the General Agreement on Tariffs and Trade (GATT) undermined by bilateral negotiations and trade conflicts.

Mr MacDonald sought to dispel this idea by pointing to differences between the FTA and the single market. The FTA, which came into effect this year, was not directly parallel to the European Single Market,

he said. The FTA is not a customs union, he pointed out, nor is it an economic union. "The Agreement creates no new or additional barriers against other suppliers such as those in Europe," he said.

Moreover, "each country will continue to maintain its existing trade arrangements with the rest of the world," he said, and reaffirmed Canada's support for the GATT. With trade relations with the US stabilised, he said, "Canada can now look to more comprehensive bargaining with Europe."

Italy in joint deals with Soviet Union

By John Wyles in Rome

THE announcement of a joint Italian-Soviet banking agreement followed swiftly yesterday on the heels of a joint venture between the two countries which will give Italian companies a major role in the modernisation and expansion of Soviet electric power plants.

The power plant agreement involves the Italian state-owned Ansaldo group participating with the private Turin company, Fata, in the creation of Energoengineering, the Moscow-based joint venture in which the Soviet Ministry of Energy will hold a 51 per cent stake.

Precise terms of the arrange-

ment have not been made public, but some or all of the payment will be covered by the supply of Soviet electricity to Italy until 2003.

The new joint venture will be involved in the construction and updating with Italian technology of all types of non-nuclear power station. Soviet spokesmen reportedly expect the initial installation target to be 5m kW a year out of a national energy plan which foresees annual construction of 15-20m kW during the 1990s.

Yesterday's banking agreement involves the Istituto San Paolo di Torino and Sberbank

which groups around 80,000 Soviet savings banks. Apart from setting up a correspondent relationship between the two sides, the agreement also provides for the joint provision in roubles and other currencies of finance for Italian-Soviet joint ventures.

Moscow hopes the agreement will give a push to the development of a non-cash payments system in the Soviet Union. The Italian and Soviet partners are to study how to create a credit card system as well the introduction of banking principles governing interest rates, bank deposits and credits.

Arab economic bloc formed

By Tony Walker and Lamin Andoni in Amman

IRAQ, Egypt, Jordan and North Yemen yesterday agreed to form a new economic bloc, the Arab Co-operation Council (ACC).

The official Iraqi news agency said presidents Saddam Hussein of Iraq, Hosni Mubarak of Egypt and Ali Abdullah Saleh of North Yemen and Jordan's King Hussein signed the accord in Baghdad. It is hoped that the new organisation will prove a more effective instrument for regional co-operation than previous such experiments. The pact also marks a further step in Egypt's reintegration in the Arab world.

At the other end of the Arab

world, leaders of Morocco, Tunisia, Algeria, Libya and Mauritania are meeting in Marrakech to discuss the setting up of a Maghreb union stretching from the Atlantic to Libya's eastern border with Egypt.

The ACC and the planned five-nation Maghreb union would bring to three the number of Arab regional economic groupings, partially born out of frustration with the failure of the 21-member Arab League to unify Arab ranks.

One such group was the Gulf Co-operation Council, formed in 1981 by Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman.

Caribbean sees a fishy side to Lomé perks

IN ONE round of negotiations with the European Community on an aspect of the Lomé Convention a few years ago, complained a senior Barbadian diplomat, "we spent several hours trying to determine as precisely as possible just what was an African-Caribbean-Pacific (ACP) fish."

"It is not that we did not consider it necessary to agree on a definition, but you will understand that this does contribute to a general lack of enthusiasm within the region about the benefits we can get, and are getting, from the Convention."

Few countries in the Caribbean are expecting any significant improvement in benefits from the new pact being negotiated with the European Community. As a further round of talks gets under way in Brazzaville this week, officials say the Caribbean is not dismissive of what it can theoretically get under the trade and aid pact which links it and other countries in Africa and the Pacific with the Community. But in practice, these benefits have not lived up to expectations.

When the first agreements were being negotiated, explained one Jamaican official, the Caribbean adopted a defensive posture.

Indelicate

"This was aimed mainly at preserving and then protecting our Commonwealth preferences for sugar, bananas and rum. Once that was achieved the region was slow to look at other and new ways in which it could make use of what the Lomé Convention offered."

There has always been in the region, and the Pacific countries which are part of the ACP group, were of minor importance to Europe. Regional theory has it that the Community's interests, particularly in securing supplies of raw materials, were really in Africa. The Caribbean and Pacific were included in the Convention simply because it would have been politically indelicate to have left them out.

When government officials speak of the benefits the Caribbean receives from the Lomé Convention, they refer almost instinctively to the trade preferences for traditional exports. But even these are significant. The Jamaican sugar industry, for example, is kept alive by the island's annual quota of about 120,000 tonnes exported to Britain. With a progressively reduced US quota, and with production costs at just under twice current world market prices, it is this lifeline to the EC which keeps the industry going.

Such is the value of the EC market that some regional producers, to ensure that they do not lose their quotas and to guarantee foreign earnings, export what they produce and then meet domestic sugar demand by buying at lower world market prices.

The concern in the Windward Islands over the future of the \$150m earned each year from bananas shipped to Britain indicates the importance of the trade preferences to many countries. The governments of the islands say that unless ways can be found to continue the protection against cheaper fruit after 1992, their economies will be destroyed.

But in other areas of co-oper-

ation, the region has not seen the benefits it clearly expected. "In financial and technical co-operation, we have been pushing the EC to increase the size of the package," said the Jamaican official. "But getting such assistance out of the EC is a tedious process. The Community has been told that it should speed up the process but so far there has been marginal progress. This is caused by slowness on the part of the EC and because the Caribbean has not formulated its projects as precisely as possible."

The heads of government of the Caribbean Economic Community said at their last meeting that they were concerned at the slow pace of implementation of the financial assistance programme. The region, with Suriname, can get approval for projects worth Ecu 82m (\$54m) between 1985 and 1990, covering sectors such as tourism, transport and communications, agriculture and human resource development.

The region has submitted projects costing Ecu 62m. But according to a report six months ago by the Caribbean community's trade ministers, only one regional project has been approved by the EC to date from the programmable resources.

Disappointed

Yet governments are not in a hurry to discount the value of what the region is getting. "In terms of Jamaica's total development assistance, that from the EC represents about 10 per cent," the official explained. "But if we did not get this we would have to get the funds elsewhere as loans, and possibly at market rates." The Caribbean has also been disappointed in its ability to make more of what the Lomé Convention offers in other promising areas such as inward investment. Most European business interest in the region was established before the Convention was agreed, and when several countries were European colonies. The region has not been marketing itself as a location for European investments.

Distance from Europe is one factor, but officials say there is still concern over complicated rules of origin criteria - the quandary over the ACP fish, for example - which dissuade European companies from putting money into projects which could make use of the trade preferences offered by the Lomé Convention.

More attention is paid to the US market because it is geographically closer and because it is much simpler for the region to achieve the rules of origin criteria to make use of such programmes as the Caribbean Basin Initiative, which allows countries selected by Washington to ship a range of products duty free to the US.

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AMERICAN NEWS

International fiscal action on imbalances urged

By Peter Riddell, US Editor, in Washington

FURTHER fiscal action is needed to reduce current imbalances between the leading industrial countries, a group of leading international policymakers agreed at a conference here yesterday.

Mr Charles Dallara, the US Treasury assistant secretary for international affairs, accepted that fiscal 1990 was a critical year for the Administration's fiscal policy. After two years when the policy on reducing the fiscal deficit had marked time, he said it was "imperative that policy picked up pace".

But he added that other countries must "recognise their obligations to promote sound policies". He claimed that the effect of policy co-ordination on fiscal policy was more substantial than broadly recognised.

He argued that the absence of a communiqué after the meeting of the Group of Seven finance ministers two weeks ago showed there did not have to be dramatic new steps after each meeting. However, he said this did not mean self-satisfaction on the level of commitment to further action.

Mr Dallara, who is about to start his US executive director of the International Monetary Fund, was speaking at a conference on interna-

Oil imports fuel US drilling debate

By Roderick Oram in New York

THE US imported more oil than it produced last month for the first time in a decade, intensifying the debate over whether oil companies should be allowed to explore in protected places such as Alaska's wildlife refuges.

Moreover, oil deliveries continue to grow strongly despite a mostly mild winter, indicating that the US's fuel conservation efforts are becoming even more ineffective.

Imports rose to an average of 8.24m barrels a day last month, up 20.6 per cent from a year earlier and topping 8m for the first time since 1980, according to the American Petroleum Institute.

Domestic crude production continued its long slide, falling a further 3.4 per cent year-over-year to an average of 7.93m barrels a day.

Deliveries of petroleum products increased 6.3 per cent to an average of 18.3m barrels a day, the third consecutive month it had risen more than 6 per cent. Inventories of crude oil and petroleum products slipped 2.3 per cent.

The US oil import record is 10m barrels a day, in 1977, when foreign supplies met 48.8 per cent of all US energy demands including oil, natural gas and butane. Imported energy accounted for 45 per cent of demand last month.

Oil companies have been lobbying hard for several years to drill in Alaska's National Wildlife Refuge. The issue is likely to be decided this year, with President Bush in favour of drilling.

Lone Star liberal raises dust in Washington

Cynthia Williams reports from Austin on the politics of a Texan 'cowboy'

MR JIM Hightower, Texas agriculture commissioner, is a man who rarely retreats from a good fight. His entry into the fray over the EC ban on hormone-treated beef from the US has prompted an indignant response in Washington.

In this latest affront to the Republican Administration, Mr Hightower is challenging Washington's authority on the beef issue and claiming state's rights by urging European Community members to buy hormone-free beef from Texas.

Mr Clayton Yeutter, the new Agriculture Secretary, accuses Mr Hightower, a resolutely liberal 46-year-old, of undercutting foreign policy and US economic interests by taking the side of the European Community. Powerful Texas ranching interests, who are committed to the idea of using hormones which they believe to be harmless, are calling for Mr Hightower's resignation.

But he is unrepentant: "If Ollie North can go run a private war with the approval of the Administration why are they getting in the way of a few cattlemen who want to make a sale to our very best customers?"

In the six years since he was elected to the office of agriculture commissioner of Texas, Mr Hightower has used his political savvy to transform a backwater agency into an effective and innovative state government. He has also gained a reputation as "while I might be able to gather as much as \$10m, I would have to spend more time in the living rooms of the wealthy raising money than I could out in the communities raising issues, raising hopes, and raising hell."

His homespun humour helped to dispel the gloom of the ill-fated 1988 Democratic presidential campaign. He was the first and only white state-



Jim Hightower, raising hopes and raising hell

Gramm of Texas in 1990 and would instead seek re-election as agriculture commissioner next year.

Mr Hightower plans to focus on building a populist "umbrella alliance" within the Democratic party to promote progressive causes.

His decision to bow out of the Senate race prompted speculation that he might have difficulty raising the millions needed to defeat his well-financed opponent, Mr Hightower responded by saying that "while I might be able to gather as much as \$10m, I would have to spend more time in the living rooms of the wealthy raising money than I could out in the communities raising issues, raising hopes, and raising hell."

His homespun humour helped to dispel the gloom of the ill-fated 1988 Democratic presidential campaign. He was the first and only white state-

lected official in the country to "go whole-hog for Jesse," as he put it, and endorsed Jackson for president, to the consternation of the conservative wing of the Democratic party.

In a speech before the Democratic National Convention last July, Mr Hightower described Mr George Bush as a "toothache of a man" cast in the Reagan mould who would lead the country "from Tweedledum to Tweedledumber," before thanking both as the men most responsible for uniting the Democratic Party.

For a man who likes to refer to himself as "the candidate of all Texans who doesn't own an oil well," poking fun at the powers that be comes as naturally as sticking up for the little guy on a Texas farm.

As agriculture commissioner, Mr Hightower has criss-crossed the 270,000 square miles of Texas since 1982, spreading his message to liber-

als and conservatives alike, and inveighing against greed with a down-home folksiness that goes down well in Paris, Texas - and in Washington DC.

At the root of his politics is the belief that "too few people control all the money and power" and that anyway, "money is like manure, it has to be spread around to do some good."

He reminds his core constituency of predominantly white conservative Texas farmers that "while they're drinking cabernet sauvignon and eating caviar at the White House, we're eating tuna fish and drinking Lite Beer."

Mr Hightower cultivates his image as an old-fashioned, wisecracking country politico by wearing cowboy hats and boots at public appearances. But behind the thick Texas drawl and small-town bonho-

mie lies a shrewd mind well-versed in the ways of Washington and with the intricacies of the legislative process, with a penchant for taking on big business.

Mr Hightower was born and grew up in the north-east Texas town of Denison and was the first member of his family to attend university.

After graduating from North Texas state with a degree in government, he went to Washington and worked on the staff of Senator Yarborough, the progressive Texas democrat in the late 1960s.

In 1971, he became director of Mr Ralph Nader's Agrirulesness Accountability project and traced the power of US agribusiness through ownership of giant farms by the US food industry.

After cutting his teeth in national electoral politics as campaign manager for a populist underdog in the Democratic presidential campaign of 1978, Mr Hightower returned to Texas and became editor of The Texas Observer, a weekly beacon of liberalism published in Austin - its message rooted in the political activism that grew out of the Texas populist traditions of the 19th century.

"People think Texas is such a conservative state but the truth is, it's populist," according to Mr Hightower, who says he grew up with Texans who said they were conservative, but who "were opposed to big oil and big government. If you scratch a conservative often enough, you'll find a progressive human being."

Jim Hightower is a candidly ambitious man, and he hopes to run for the US Senate or for governor in 1990. In the meantime, he will continue to entertain and provoke because, as he says, "running against Republicans is the most fun you can have with your clothes on."

Death threats greet Rio council crusader

By Ivo Dawson in Rio de Janeiro

A CRUSADING housewife, elected to Rio de Janeiro's city hall after her son was killed by police, has herself been threatened with death for trying to fight corruption in government.

Mrs Regina Gordilho's decision to demand a criminal inquiry into how at least 393 town hall staff were illegally contracted has led to telephone death threats and a warning that she will be killed in a fake robbery at her home.

The case represents in microcosm the real physical dangers now being faced all over Brazil by those newly-elected mayors and councillors brave enough to hunt down those responsible for years of abuse of power.

Mrs Gordilho, 54, came to national prominence two years ago when she relentlessly pursued five policemen whose violent arrest of her 24-year-old son Marcellus led to still inadequately explained circumstances to his death.

Despite her efforts, the policeman involved were criticised only for being overzealous in their actions by the Military Police authorities. However, Mrs Gordilho's battle won her a seat at municipal elections last November for the left-wing populist Democratic Workers Party (PDT). Soon after, she was nominated president of the chamber.

Now, however, Mrs Gordilho has found herself in a new clash with the city's establishment following her exposure of

widespread illegalities in the contracting of town hall staff. For just 42 councillors, the Rio chamber employs an astonishing 2,505 aides, at least 389 of whom, Mrs Gordilho says, have been illegally contracted and many of whom never attend work.

But Mrs Gordilho's battle to clean up Rio's Augean stables is now meeting fierce opposition from her council colleagues.

Despite innumerable telephone calls and letters from electors pledging their support, the president of the chamber this week had many of her powers wrested away from her in a vote that by 36 to 8 handed over an internal inquiry to a newly-formed committee.

The problem is that some of the councillors are implicated in the irregularities, said one colleague.

Ignoring the death threats, received on Wednesday, Mrs Gordilho is still determined to continue her ethical crusade, further infuriating many of her colleagues by opening a "citizens' criminal action" for a police investigation of the case.

"I encountered the same violence, disrespect and certainty of impunity and corruption in the Municipal Chamber that I saw in the Military Police when I desperately sought justice for my son," she said. "Now I know the difficulties of punishing those responsible for the irregularities in the Chamber, but I believe that it will be done."

Peru miners strike over assassination

By Veronica Baruffal in Lima

OVER 80,000 Peruvian miners staged a 24-hour strike yesterday in mourning and protest at the assassination on Monday night of Saul Cantoral, secretary general of Peru's Miners Federation, and Consuelo Garcia, a social worker to mining communities.


Vigils held in the miners' headquarters in Lima for Mr Cantoral were attended by thousands of workers, who accused "the American Popular Revolutionary Alliance (the ruling APRA party) and the right" for the murders.

Rank and file members urged union leaders to call a general strike next week. Mr Valentin Pacheco of the General Confederation of Peruvian Workers said: "There will be many general strikes if necessary to defend our rights."

Negotiations between the miners and the Government to postpone a strike have been interrupted by Mr Cantoral's assassination, which has caused a public outcry.

The killing has also focused attention on previous unsolved murders for which the Commander Rodrigo Franco has claimed responsibility, and on the possible links between this group and APRA.

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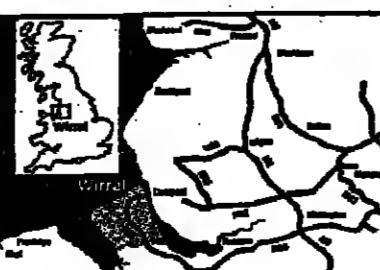
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UK NEWS

Guided weapons subsidiary set to close two of six sites as part of rationalisation British Aerospace plans to cut 2,500 jobs

By Michael Donne, Aerospace Correspondent

BRITISH Aerospace is to shed about 2,500 jobs over the next two years at its guided weapons subsidiary, BAE (Dynamics), and to close two of that company's six main sites as part of a big rationalisation.

The cuts, involving a reduction in the company's workforce from 16,000 to 13,500, follow a review of its activities over recent months. This, in turn, has been part of a restructuring at the 130,000-strong BAE group over the past two years or so, aimed at cutting costs and improving productivity.

It had originally been envisaged that only about 600 workers would have to go, but the review has been more far-reaching than planned.

BAE (Dynamics) is involved in the design, research, development and manufacture of

advanced guided weapons, including the Rapier anti-aircraft weapon system, the Swingfire anti-tank weapon, and the Sea Dart and Sea Wolf ship-to-air weapons. It also makes associated equipment, such as gyroscopes.

Under the rationalisation the guided weapons plant at Hatfield, north of London, and the equipment manufacturing facility at Bracknell, west of the capital, will be closed.

Mr N.V. Barber, managing director of BAE (Dynamics), said that while the company's heavy investments had left it well placed to exploit the guided weapons and equipment markets, "in order to compete successfully and secure new business it is essential for the company to take

further action to improve efficiency and reduce its cost base.

"We currently have a wasteful duplication of facilities and resources which, when consolidated and rationalised, will improve utilisation and efficiency and achieve the cost reductions necessary for us to succeed."

Lynon McLain, add: Management appointed by BAE has already started to rationalise production at Royal Ordnance, the former state-owned arms and munitions manufacturer it bought from the Government in 1987 for £190m.

Plans announced by RO in October affected a sixth of the total workforce of about 14,000. When the plans are implemented by early 1991, the workforce will have been cut from 16,000 when BAE bought the company to 13,000.

Fears of sectarian violence in Ulster rise after shooting

By Our Belfast Correspondent

FEARS of a renewed campaign of sectarian violence in Northern Ireland grew last night after five people were shot in a Loyalist social club in the staunchly Protestant Shankill Road area of Belfast.

The shooting is believed to have been carried out in direct retaliation for the recent murders of four Roman Catholics, including Mr John Davey, a councillor for Sinn Fein, the political wing of the IRA, and Mr Patrick Finucane, a leading Catholic solicitor.

Mr Tom King, Northern Ireland Secretary, has already held talks with Sir John Chalmers, Chief Constable of the Royal Ulster Constabulary, to discuss the upsurge in violence.

The Government is concerned at the increasing level of sectarian violence. Random attacks on clubs and pubs, identified with a particular religion, were a feature of the early part of the 1970s, but had been relatively isolated incidents in recent years.

Mr King has already appealed for calm and called on the community to help the RUC in tracking down the murder gangs.

Three men and two women were shot in yesterday's attack which occurred a short distance from the peace line which separates the nationalist Falls Road area from the Shankill district.

Unionist and Nationalist politicians immediately condemned the shootings and appealed for no retaliation.

Mr Cecil Walker, Official Unionist MP for North Belfast, said: "I utterly condemn the four sectarian attacks on innocent members of the public while enjoying their relaxation. The psychopathic killers who cut them down are intent on creating havoc and pandemonium in a community which has suffered more than most from the results of terrorist activity."

Mr Gerry Adams, Sinn Fein president, said the attack played into the hands of the city's many sectarian community leaders in the Loyalist community who are determined to see this society sunk in a bloody cycle of random sectarian atrocities.

No organisation has claimed responsibility, but detectives are working on the theory that it may have been the work of a hard-line Republican splinter group, determined to avenge the recent murders of Catholics.

Charities 'need better marketing'

By Joel Kibazo

MOST businesses would like to give more to charities but they do not know how to go about it, according to a survey published yesterday.

The survey, from Buzzacott & Co, a London firm of chartered accountants specialising in charities, said many businesses give to charity and "the business community accepts its duty to do more for charity."

But, the report said, charities were losing out on that good will because they had failed to market themselves in an effective way to businesses and companies willing to make donations or become involved with charities.

The survey said: "Charities have failed to market themselves in a business like way, showing how they can benefit

business in terms of enhanced public image or work force morale."

The survey carried out on large, medium and small businesses and financial institutions said: "It is up to charities to communicate the corporate benefits that businesses can derive through helping charity."

The report said there was a general lack of awareness both among charities and businesses about the size of the charity sector, and the events affecting it.

In addition, both groups were unaware of the tax concessions available to them through legislation, and of other financial arrangements where both sides could benefit each other.

"There is unease about the efficiency of volunteers, however dedicated, on the one hand, and disquiet about the danger of creeping commercialisation on the other," said the survey.

The main recommendations of the survey are:

- Charities should develop their marketing policies to demonstrate how businesses can benefit by helping them;
- Charities and businesses ask their advisers for guidance on available tax incentives to encourage business support; and
- Charities find a champion within a company to generate corporate activity within their favour.

Charities and Businesses, A Partnership of Interest? Buzzacott & Co, 4 Wood Street, London EC2V 7JB. £12.50.

Car production rises by 6.5% in January

By John Griffiths

CAR PRODUCTION in the UK rose by 6.47 per cent in January compared with a year ago, according to provisional figures from the Department of Trade and Industry.

The statistics offer the industry cautious hope that this year it may exceed its 1988 performance, the best for 11 years.

The figures show that 111,194 cars were built in January, up from 104,430 a year ago.

Production for export was up by nearly one third at 23,378, from 17,900.

Output for the UK market was only 1.54 per cent higher at 87,816 (86,630).

Hopes for higher output for the whole of this year are based mainly on commitments by Ford UK and Vauxhall, the General Motors subsidiary, to source substantially more of their UK sales from British plants this year, the hoped-for absence of any strikes such as the one last February which cost Ford production of 65,000 cars, and still-increasing production at Nissan's factory at Washington, in north-east England.

Commercial vehicle output also rose in January, by 19.24 per cent to 27,537 compared with 23,092 in the same month a year ago. Output for export was up 20.86 per cent at 6,998, from 5,790, and that for the UK market by 18.7 per cent to 20,539 (17,302).

EC seeks to define priority aid areas

By Hazel Duffy

MR BRUCE MILLAN, European Commissioner on regional policy, will meet ministers in London today in a bid to persuade the UK Government to determine high priority areas which would be eligible to apply to Brussels for regional aid.

Mr Millan is visiting the capitals of EC countries with areas of industrial decline. The new regulations of the European Regional Development Fund (ERDF) permit such areas, once their eligibility has been determined by Brussels, to apply for financial assistance.

Brussels' spending under the regulations is allowed to affect only 15 per cent of the EC's population. But international applications for eligible areas have exceeded this.

The Commission hopes to draw up the map of eligible areas by the end of this month. It has already defined the eligible regions in the UK.

They include Nottinghamshire and West Yorkshire, which do not come within the Government's designation of areas for UK regional assistance. Now the Commission wants the Government to trim the list by identifying the areas within the regions which should qualify for help.

Mr Millan will meet Mr Tony Newton, Trade and Industry Minister, Mr Ian Lang, Scottish Industry Minister, and Mr Peter Walker, Welsh Secretary. He will emphasise the importance that the UK match the ERDF finance, and that it is therefore sensible for the Government to identify areas it is willing to support.

The lion's share of the ERDF will go to the regions of the EC classified as under-developed. They include the whole of Ireland, Portugal, Greece and parts of Spain and Italy.

Decision on London Life merger set for next week

By Raymond Hughes, Law Courts Correspondent

LONDON LIFE, Britain's oldest mutual insurer, will learn on Tuesday whether it has High Court approval for its plan to merge with Australian Mutual Provident Society.

Mr Justice Hoffmann yesterday reserved judgment on the company's application for the scheme to be sanctioned by the court.

During the four-day hearing he had heard the scheme defended by London Life and criticised by some of the company's dissident policyholders - whose objections were described by AMP's counsel yesterday as "charismatic."

Mr Philip Heslop, barrister for London Life, told the judge that its board remained satisfied that the merger was in the best interests of the policyholders as a whole.

Just 13 of 120,000 policyholders had asked for their written views to be put before the court and five had come to court to put their objections in person.

Over 90 per cent of policyholders entitled to vote had voted at a London Life general meeting in favour of a resolution which had been seen as a referendum on the merger.

Mr Heslop said that whether it was desirable to merge, and if so with whom, was a management decision for the London Life board, and the court should not review that decision in the absence of evidence of bad faith or obvious unreasonableness. There was no such evidence, he said.

Mr Christopher Whitney, a dissident policyholder, had suggested that the scheme should be amended so that policyholders could opt out and transfer to Equitable Life Assurance Society.

Mr Heslop said this was commercially impracticable and would be unfair to London Life policyholders as a whole.

Study into concentration of ownership confirmed Fair trade office probes media

By Nikki Tait and Charles Hodgson

THE OFFICE of Fair Trading, the British watchdog on monopoly and consumer issues, yesterday confirmed that it is conducting a "wide-ranging" review of the UK media market, which will look at any concentrations of ownership.

The OFT said that the review started about a year ago, and was still at an early stage. It declined to comment on when it might arrive at any conclusions. If the review does throw up serious worries about media concentration, it would be possible for Sir Gordon Borrie, director-general of the OFT, to ask the Monopolies and Mergers Commission to conduct a full investigation.

The OFT said yesterday that the review would take into account recent change in media ownership, cross-media interests, and also look at control on the distribution side. It strongly denied, however, that the review would concentrate on any particular media groups - although it did accept that Mr Rupert Murdoch's News International, by virtue of its span of interests, could be expected to feature fairly significantly.

News of the review follows recent assurances from government ministers, including Mr Douglas Hurd, the Home Secretary, that steps would be taken to ensure that there would be no excessive concentrations of ownership. In the planned expansion of broadcasting in the 1990s.

The OFT review was warmly welcomed by the opposition Labour Party. Mr Bryan Gould, Labour's trade and industry spokesman, said the move reflected belated recognition that concentration of owner-

ship "poses a real threat to freedom of expression in this country."

He claimed that the investigation was clearly aimed at News International, which owns the Sun, The Times, the News of the World, Today and the Sunday Times newspapers and the Sky Channel satellite television service which was launched on February 5.

Mr Gould recently wrote to Lord Young, the Trade and Industry secretary, urging a Monopolies and Mergers Commission investigation into the expansion of News International into satellite television.

Lord Young replied that he would pass Mr Gould's letter on to Sir Gordon Borrie, director-general of the OFT. Yesterday, however, the OFT denied stepped up in direct response to the Sky launch.



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THE PROPERTY MARKET

Danes like the look of what they see in London

By Paul Cheeseright

One cosy corner of the Danish property industry has been transplanted to Fulham Palace Road, Hammersmith, London. It is alive and well. Danby is the biggest property development and investment company in Denmark. Looking for expansion in 1988, it spent £8m on a site in Hammersmith with outline planning permission and conceived the idea of what is now called West Six.

Through Danbuild, its British unit, it is developing 200,000 square feet in three separate buildings, the first for office use, the other two for mixed studios and light industrial space.

The cosiness comes in because of the fact that Danby has been able to use in Hammersmith a series of relationships tested on the Danish domestic market. It obtains all of its land acquisition and construction finance from Privatbanken in Denmark. The same bank provided the necessary funds to get West Six off the ground. It obtains its long-term commercial mortgage money from Nykredit and KD, two

Danish mortgage institutions. KD will provide the long-term finance for West Six.

Building costs at West Six are estimated internally at around £50 a square foot - cheap by British standards for such a development. This comes about partly because a portion of the work can be sub-contracted to Danish companies and some of the materials can come from Denmark. With a depressed local market they are glad for the work.

This depression in the Danish property sector is a factor behind the development of West Six and other UK acquisitions by Danbuild - land in the Limehouse district of London Docklands bought from Mountleigh, plus two residential sites in Liphook, Hampshire, and near Guildford.

Over the last two years there has been substantial office development in Copenhagen, largely through institutions as an alternative to making tax payments to the Government. The difficulty has been that there is no demand. Once the present phase of building is completed in about six months' time, there will be some 7m

square feet of space overhanging the market, according to Danby executives. That will take at least two years to absorb. Not surprisingly rents have slipped, in some cases by up to 40 per cent.

Danby has to some extent been protected. Although it has some retail developments and in the past engaged in residential developments, its main strength lies out of town. It is a specialist in the development of mixed office and warehouse buildings, taken largely by industrial companies wanting an element of office space in conjunction with distribution, marketing or light industrial facilities.

What it prefers are large tracts of land where a number of units can be constructed, creating an estate where there is scope for tenants to move around as their needs change. To that extent it is not unlike Slough Estates.

What it does not do is to hold land in vast quantities. It buys two or three years before construction is planned to start. But this is easier in Denmark than in the UK of recent times because land prices have

been stable. On any single plot the density is low - half of the space for the unit and half for landscaping and car parks.

The main scene of this activity is at Taastrup, a satellite town in Copenhagen about eight miles from the city centre. Here Danby has about 40 per cent of its investments. It owns about 8m square feet of land, of which three quarters has already been developed. Such holdings make Danby the biggest landowner in the immediate area and probably in greater Copenhagen.

Generally Danby builds to hold, although it has just completed a 400,000 square feet computer and administrative headquarters for Privatbanken in Taastrup. Its current portfolio contains 4.5m square feet of space, although over the last 15 years it has built 14.5m square feet of space.

Its net assets are in the books at the equivalent of £280m, but this is grossly understated. Investments are carried at net cost and there is no revaluation on the British pattern. Danby chases capital growth. Its profit levels are dictated by tax considerations as

Office rents per sq.ft.	£18.5	£25.0
Studio/light industry rents per sq.ft.	£11.0	£20.0
Estimated annual rent	£2.8m	£5.2m
Completed value - yield of 5.35%	£33.5m	£62.9m
Site cost	£8.5m	£8.2m
Construction cost	£11.5m	£16.0m
Finance	£2.0m	£5.0m
Total cost	£24.6m	£32.9m
Residual value	£8.9m	£29.6m

much as anything else. Danby is the creation of Mr Axel Juhl-Jorgensen, a civil engineer who branched out on his own account nearly 20 years ago, and who still retains 100 per cent control of the company. He has kept the group firmly within the property sector, avoiding diversification into financial services and manufacture, save for the purchase of a third stake in Modulbeton. This was done to ensure supplies of concrete at a time of shortages.

Nor has there been much diversification overseas. There has been one venture in the US and latterly the British involvement.

But so far this has worked well, to the extent that planning delays between 1986 and 1988 worked to Danby's advantage with rents rising faster than costs. Indeed, the first part of West Six is being offered at £32.50 a square foot. But the difficult decisions on how to cope with London Docklands and a soggy south-east residential market remain to be taken.

Appreciating Frankfurt

If Copenhagen is about the coldest property market in Europe, then Frankfurt is the hottest. Here again there is a Scandinavian factor.

In the central office market there has been a chase to buy property against the backdrop of continued expansion in demand for space from the 400 German and foreign banks which are represented in Frankfurt. The nine open-ended German property funds were the most aggressive players in the market, explained Christopher Bull-Diamond of Weatherall Green & Smith in Frankfurt, but latterly they have been supplanted by the Scandinavians.

The pattern of purchase seems broadly the same as that followed in London. Swedish investors have been using borrowed money from Scandinavian banks that have been prepared to lend up to 80 per cent of the value of the property, while at the same time taking further security against assets in Sweden.

There has been some evidence, Mr Bull-Diamond said, of investment buying on yields of 4 per cent on small buildings, although more realistically yields have been holding around 4.5 per cent.

Such buying, against projections of higher rents still to come, is reminiscent of the City of London in 1987. To be sure, rents have been rising fast. Weatheralls said in their annual report on the market that the increase is comparable to that of the City over the last two years. But central Frankfurt rents are still only about a third of top City rents.


Rental rises and investment buying have been fuelled by the low level of development and probability of only limited new office space coming on stream until the mid-1990s. At the moment there is no new space available.

Whether the market is in danger of boiling over depends, Mr Bull-Diamond suggested, "on whether tenants are prepared or forced to go outside the central area, thus taking pressure off the established bank area."

The development market seems to have passed away from German companies into the hands of Dutch, British and US groups, while Japanese property and construction companies are just beginning to play a role.

The British presence is strong in the Frankfurt market, through - for example - London and Edinburgh Trust, MRC, P&O Properties, ICI Pension Fund and the Pan-European Property Unit Trust.

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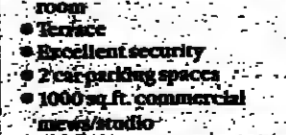


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SECTION III

FINANCIAL TIMES SURVEY



Slowly, Cuba's regional isolation is coming to an end in the wake of improving relations

between Moscow and Washington, writes Robert Graham. And the country's 63-year-old leader would like to balance Cuba's dependence on Comecon with more hard currency trade with the West.

A mellowed revolutionary

FOR A small nation Cuba occupies an exceptionally large space on the world stage. The personality and ambitions of Mr Fidel Castro have given this Caribbean island a role wholly disproportionate to its resources and 10.8m population. For the past 30 years it has been Fidel's Revolution and Castro's Cuba.

The obsession of successive US administrations with the presence of a Communist neighbour 90 miles off the Florida coast and the unsuccessful attempts to unseat President Castro have merely served to enhance his notoriety.

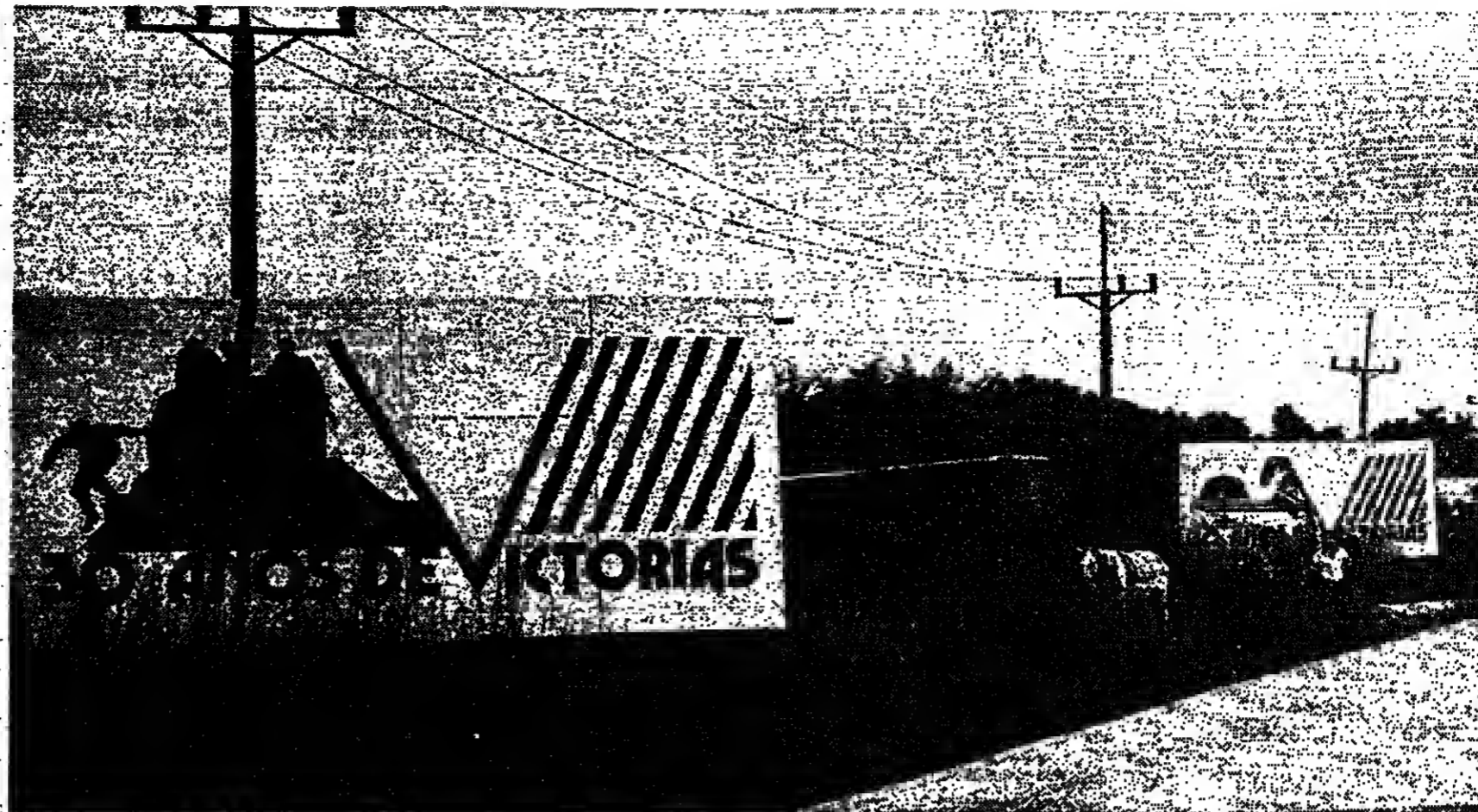
Back in 1992, Cuba was the fulcrum of a potential super-power nuclear conflict. Today, détente between Moscow and Washington is pushing Cuba to the periphery of East-West tension. The Bush Administration is signalling a less ideological approach to Cuba, while the new Soviet leadership, with its own internal problems, is far less willing to sustain its Cuba's experiment in socialism with a blank cheque.

Cuba is potentially vulnerable in this changing international climate. The economy is now in its fourth year of austerity, consumer goods are in short supply, vital Western

credit is scarce and the contradictions of the Revolution's achievements are ever more apparent. Every Cuban, for instance, can have access to superb medical attention, education and the guarantee of a job; but this is at the expense of an appalling lack of transport, an insensitively rigid bureaucracy and huge under-employment.

The possibility of a thaw in relations with Washington has produced a palpable sense of relaxation in Havana. But such a thaw implies changes in both the system and attitudes that would be hard to countenance for the 63-year-old President and those who carried out the Revolution against Batista. This is a nation wholly conditioned by the threat (and reality) of US invasion. Cuban nationalism has been forged largely by anti-Americanism.

Mr Carlos Rafael Rodríguez, Cuban Vice-President and the regime's elder statesman, insists Cuba is not dropping its guard, emphasising that the US is still entrenched at the naval base of Guantánamo Bay. But he recognises President George Bush is "more rational and less ignorant" than Ronald Reagan and that a



dialogue is possible "on the basis of mutual respect."

Perestroika in the Soviet Union is mentioned only in the most oblique terms by the heavily-controlled media. But some among the younger generation see in perestroika a chance for Cuba to emulate the opening up of the Soviet system. President Castro himself is in no mood to emulate. "Our problems are different. We are creators not imitators," he says, insisting Cuba will continue faithful to the path of Marxist-Leninism and central planning.

At an emotional level, it is easy to see why any embrace of capitalism implies betrayal of the ideals of the Revolution. In this vein, Mr Castro has made revealing comments to the effect of "better to have had socialism than capitalism." Yet behind this front, the President has mellowed. The revolutionary is turning statesman, seeking formal ties and trading links with many of the bourgeois governments in Latin America he once tried to overthrow.

He would also like to balance Cuba's dependence on Comecon with more hard currency trade. The drying up of Western credit since 1985, caused by the inability to service \$6.4m worth of debt, has meant that almost 90 per cent of trade is now with Comecon.

The authorities are well aware that a shake-up in the structure of Comecon, especially over pricing and convertible currencies, could have negative consequences, and behind all this lies the unvoiced concern that Moscow might decide to reduce the level of aid.

If sugar and nickel price support are added to special arrangements on oil supplies, soft roll-over credits and grants, then Soviet aid worth at least the equivalent of \$3m is flowing to Cuba annually.

Top Cuban officials insist the Soviets have given assurances that existing aid commitments will be honoured for the 1988-90 five-year plan. But such guarantees are short-term, and the April visit of Mr Mikhail Gorbachev to Cuba is being awaited anxiously.

It would be wrong to downplay President Castro's own single-minded dedication and the sacrifices of his fellow Cubans in eliminating poverty. Nevertheless, the establishment of the most advanced

welfare state in the Third World owes much to generous Socialist Bloc aid, especially from the Soviets.

Soviet aid has further permitted Cuba to become the most militarised society in Latin America, capable of mobilising 1.2m people - more than Brazil with a population 13 times greater. Under the Soviet umbrella, though not always in full accord, Cuba has managed to keep up to 100,000 *internacionalistas* in over 40 countries at any one time.

The most notable case has been Angola. Over the past 13 years more than 300,000 Cubans have served there. Arguably the Cuban role in bringing about the UN-backed peace treaty for south-west Africa last December is President Castro's single most important foreign policy achievement, balancing his earlier failures to promote sympathetic revolutionary regimes in Latin America.

Without the presence of 50,000 troops in Angola, willing to fight indefinitely against South African backed forces, it is unlikely that Pretoria would

ever have come to the negotiating table. As it is, the December tripartite agreement offers a genuine chance for the independence of Namibia and greater stability in south-west Africa. Elsewhere, President Castro's achievements have been more elusive.

The Revolution itself - an all-embracing word vaguely used to describe the process of building a new socialist society - has aged, if not matured, to become institutionalised under the tight control of the Communist Party with Castro at its apex. He retains his enormous popularity, which still enables him to stand above the frequent criticisms of bureaucratic incompetence and inefficiency that riddle every aspect of life.

Indeed, the President is the only person permitted in public to criticise the regime. His opponents are, in the main, the exiles in Miami. A small human rights movement arouses more curiosity than sympathy and is easily controlled. Nevertheless, Mr Castro is sensitive to charges of human rights abuses and has

begun to release political prisoners (just over 200 remain).

It is a society which poses more questions than answers about its intended march towards true communism. For instance, Mr Castro's great pride is the Institute of Biotechnology. Open since 1983, it was built in less than two years at a cost of \$110m. Inside its immaculate laboratories, equipped with state-of-the-art technology, an elite group of scientists is working 14 hours a day to make Cuba a world force in medicine and biotechnology. The institute could be either an expensive luxury or the tool with which Cuba establishes a new high-tech basis for its economy.

In the area of health care, where its results are the envy of Latin America, Cuba risks being a victim of its own success. Over 11 per cent of the population is now 65 or older, and by the year 2000 that figure is projected to be 17 per cent. Caring for the aged is an unresolved headache for advanced countries, yet Cuba has only the resources of a middle-ranking Third World nation.

As for raising productivity in a centrally managed economy, the existing low wage system is stretched to the limits. Significant sectors of the economy like construction, sugar and citrus rely on voluntary manpower or labour mobilised

INSIDE

Politics: perestroika goes underground
Economy: austerity ... and experiment
MAP

Trade: more than just sugar for Comecon
Foreign relations: stepping westwards
KEY FACTS

Sugar: record in sight
Nickel: still no goldmine
Energy: the nuclear future
Medicine: a picture of health
Tourism: just pay in dollars
Cigars: glow in the Havana trade

□ "Thirty years of victory" poster along the roadside in Matanzas province. Photo: Ashley Ashwood

through schools, the unions and the military. At the other end of the spectrum, material incentives are increasingly used to encourage productivity.

The contradictions are apparent in the citrus industry. Packers are rewarded on the basis of quantity packed. This means they earn more working on exports to Comecon, which is less demanding on quality, than selecting fruit for the exigent "capitalist" markets - from which Cuba itself earns more per unit. Officials say they are seeking to "rectify" the problem: one of the many vague words in the Cuban political vocabulary which implies there are no easy answers.

In judging Cuba, so much depends upon perceptions, and the fact that Cubans themselves have a completely different view. Cuban officials have no difficulty in rationalising low living standards and low wages because they believe the right to basic nutrition, health and education is more important. The same applies to the regimentation of thinking and the lack of permitted opposition - human rights, they say, are just as much about the right to a society without drugs, exploitation, and full of human solidarity. President Castro dismisses elections as unnecessary - "the people vote for the Revolution every day."

Thirty years on, Castro's Cuba has undoubtedly eliminated poverty and created a basic level of well-being. Mr Castro's stay in power appears indefinite. Yet he has still to prove how wealth can be generated to move beyond the present low-wage egalitarianism or indeed how to sustain an ever more expensive welfare state apparatus which is underpinned by Soviet aid. Equally fundamental, in an increasingly educated society, the President is offering only an authoritarian solution to the question of choice.

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INCORPORATED

Notice of Redemption to the holders of

International Standard Electric Corporation

12% Sinking Fund Bonds Due 1996

NOTICE IS HEREBY GIVEN, that pursuant to the provisions of the Indenture dated 15th March, 1984 (the "Indenture"), between International Standard Electric Corporation and Bankers Trust Company, Trustee, that \$9,780,000 principal amount has been selected by the Trustee for Redemption on 15th March, 1989 at the principal amount thereof in accordance with the Sinking Fund provided for in Section 3.06 of the Indenture.

The following are the serial numbers of the Bonds which will be redeemed in whole:

Table containing a list of bond serial numbers for redemption, organized in columns. The numbers range from 122 to 9816.

(Continued on the following page.)

(Continued from the preceding page.)

Table of stock market data with columns for stock codes and prices.

Accordingly, on 15th March, 1989 the Bonds so designated for redemption will become due. Payment will be made upon presentation and surrender thereof of the above Bonds at one hundred per cent (100%) of the principal amount thereof in United States Dollars, at the option of the holder, subject to any applicable laws or regulations in the country where each of the following offices are located, at the City Offices of Bankers Trust Company in London, at the main office of Bankers Trust Company in Paris, at the office of Bankers Trust GmbH in Frankfurt, at the office of Banque Indosuez Belgique Brussels, (formerly Banque du Benelux S.A. Brussels), at the office of Banque Générale du Luxembourg S.A. in Luxembourg or at the office of Swiss Bank Corporation in Basel.

The redeemed Bonds should be presented with all Coupons maturing after 15th March, 1989. Coupons maturing on 15th March, 1989 and prior thereto should be detached and surrendered for payment in the usual manner. From and after 15th March, 1989 interest on redeemed Bonds will cease to accrue.

International Standard Electric Corporation
By Bankers Trust Company, Trustee.
10th February, 1989

INTERNATIONAL COMPANIES AND FINANCE

Telco plans drive towards wider product base

David Housego reports on the Indian motor group's hopes for a move into electronics and avionics

Telco, India's largest vehicle manufacturer and the country's second-largest private sector company, about to join the ranks of other Asian car manufacturers and become a global producer...



Ratan Tata: hopes to expand beyond the car industry

headed the company for more than 30 years before retiring in December, in engineering facilities and training. By world standards, it is a highly integrated plant. It has its own foundry and forge, designs and

builds its own machine tools and supplies itself with a high proportion of components. The 12,500-strong labour force has an average age of just 32, is as disciplined as in any East Asian factory and has been given multi-skill training. The result is that, once let off the leash in terms of government licensing over its product range, it has been able to exploit its flexibility to bring out new models every 18 months, ranging from trucks through light commercial vehicles to pick-up vans and now cars. It can easily adapt to batch production so as to take advantage of new niches in the Indian market or abroad. The disadvantage is that protection and the constraints of government policy kept volumes low and pushed up costs. Telco reckons that with government production of heavy and medium-sized trucks running above the 50,000 mark, it has the volume to make its costs internationally comparable. Telco's major export hope lies in its recent 206 pick-up van, the Tatazombie, which in three years has already grabbed over 20 per cent of the Indian market. This is likely to be assembled in Egypt under a General Motors label which Telco hopes will be the starting point for a wider link-up with General Motors elsewhere in Asia and Africa. But, with Pune still producing only 9,000 a year, costs are still high by international standards. Telco sees its Tata estate car, and the other luxury models that could follow, as primarily aimed for the Indian market. Company thinking is that cars could absorb a quarter of the 100,000 units a year production which Pune could build up to in the next five years. A factor that overall should help boost Tata's export effort is the continuing depreciation of the rupee against the dollar. It has fallen by more than 20 per cent during the last year as East Asian currencies have been strengthening. Against this, Telco suffers from the disadvantages of the Indian economy. High prices for steel and other raw materials feed through quickly into

Australian Airlines lifted by bicentennial year

A SHARP increase in tourism during Australia's bicentennial year last year has helped Australian Airlines, the Government-owned domestic carrier, achieve a record profit for the six months to December. Passenger traffic volume was up sharply, with the airline carrying 3.2m passengers and 3.3bn passenger-kilometres. The airline claimed a 5.6 per cent market share against competitor owned jointly by TAT and News group. The group is projecting a profit for the current half of the year lower than the first, and comparable to the second half of 1987-88. It did not disclose the size of the interim dividend it had recommended to the Government.

Brierley quits as bank chief

SIR RON Brierley has resigned as chairman of the Bank of New Zealand. Mr Bob McCay, the chief executive, is also to retire along with further senior management changes, reports AP-DI. BNZ, New Zealand's biggest commercial bank, also said yesterday it planned to restructure operations and change its international activities. BNZ recently reported that loan loss provisions for the year ending March 1989 would be about NZ\$375m (\$234m). For 1987-88, provisions totalled NZ\$206.2m, up from NZ\$263.1m the year before. Sir Ron said yesterday that his resignation arises from differences with Mr David Cagill, New Zealand Finance Minister, over the bank's future strategy. The Government holds 84 per cent of NZB. The new strategy will include developing relationships between the bank and its offshore operations.

Hopes fade for UAP-BNP link

PROSPECTS for a swift decision on the alliance of Union des Assurances de Paris, the leading French state-owned insurance group, and Banque Nationale de Paris, the largest nationalised bank, appear to have faded. Mr Pierre Bergey, the Finance Minister, has said that he has no intention in principle to go to the alliance which the two groups have proposed to him, but he has also warned that he did not regard the marriage of banking and insurance as a universal remedy, nor the UAP-BNP link as an urgent priority. BNP and UAP last month put forward proposals for the creation of a common holding company rather than a full merger or an exchange of crossed shareholdings. This solution would require a change in a 1973 law limiting all shareholders other than the state to a maximum of 1 per cent of the capital of a nationalised insurer. Mr Jean Peyrelevade, UAP's chairman, said last week, however, that several proposals which had not required a change in the law. The two groups remain keen on the alliance, despite criticism from many other bankers and insurers. "We remain convinced of the usefulness of the association," Mr Daniel Lebeque, joint managing director of BNP, said recently. "There has been so much criticism from our com-

AEG buys 20% of Turkish group

AEG of West Germany is paying more than DM40m (\$30m) to acquire a 20 per cent stake of the home appliance division of Profilo, Turkey's second largest white goods producer. Profilo is an Istanbul-based industrial holding group controlled by the Kamhi family. Its home appliance division, which employs a workforce of 4,000, last year generated Turkish lira 300bn (\$157m) of sales and produced 750,000 units. AEG said yesterday that it had 50 per cent of the Turkish refrigerator market, 30 per cent of the washing machine sector and 20 per cent of cookers.

Advertisement for Presidio Oil Company Senior Subordinated Gas Indexed Notes Due 1999. Includes details on interest rates and company information.

Advertisement for THE FOOD INDUSTRY survey. Includes contact information for Jonathan Wallis and Bracken House.

Advertisement for The Hongkong and Shanghai Banking Corporation U.S. \$400,000,000 PRIMARY CAPITAL UNDATED FLOATING RATE NOTES.

Advertisement for COMMERZBANK OVERSEAS FINANCE N.V. U.S. \$200,000,000 Floating Rate Notes Due 1993.

Advertisement for Canadian Imperial Bank of Commerce Floating Rate Subordinated Capital Debentures due 2085.

Advertisement for GOLD FIELDS OF SOUTH AFRICA LIMITED OF DIVIDEND (No. 82) UNITED KINGDOM CURRENCY EQUIVALENT.

INTERNATIONAL CAPITAL MARKETS

Swedish Export Credit taps Eurosterling sector

By Andrew Freeman

STERLING BONDS provided the only new issue excitement in the Eurobond market yesterday as Swedish Export Credit (SEK) launched a 200m seven-year deal...

at less 1% bid just on full fees. The issue proceeds were swapped into floating-rate US dollars...

INTERNATIONAL BONDS

Tuesday's World Bank deal is believed to have been swapped into floating-rate dollars for a funding rate of around 50 basis points below Libor.

common practice to price an issue against a gilt of the same maturity. "We priced the recent Trusthouse Forte deal against the 10 per cent of 1996...

After the recent confusion of recent weeks, the Matador sector was tapped with the full approval of Spanish financial authorities...

Tighter OTC rules for Tokyo flotations

By Stefan Wagstyl in Tokyo

THE JAPANESE authorities are tightening rules covering the flotation of companies on the over-the-counter market in the wake of the Recruit scandal.

The Securities Dealers Association of Japan, which supervises the market, said this week it would from April introduce a compulsory auction system for the sale of shares in a new issue.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Book number. Includes entries for US DOLLARS, STERLING, PESETAS, YEN, and SWISS FRANCIS.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Book number. Includes entries for US DOLLARS, STERLING, and other international bonds.

DEUTSCHE MARK

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Book number. Includes entries for various German bonds.

SWISS FRANCIS

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Book number. Includes entries for various Swiss bonds.

Swiss market equity financing drops sharply

By William Dorfner in Geneva

NEW EQUITY issued on the Swiss stock market tumbled from Sfr7.5bn in 1987 to Sfr4.3bn (\$2.75bn) last year...

When dividends distributed by listed companies are subtracted, the net amount of equity financing raised in the Swiss market last year comes to only Sfr900m compared with Sfr4.3bn in 1987...

Bank Vontobel's analysis highlights the sharp reduction in new issues of non-voting participation certificates (PCs) from Sfr2bn in 1987 to Sfr700m last year.

Foreign investors, at whom PCs were mostly aimed, have largely shunned this stock category since the October 1987 crash and Bank Vontobel does not expect many PC issues in 1989.



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COMPANY NOTICES

COMPAGNIE BANCAIRE Societe Anonyme. Incorporated in France with limited liability. Regd. Office: 5 Avenue Kléber, Paris 16ème.

NOTICE OF ORDINARY GENERAL MEETING

- The shareholders of Compagnie Bancaire are invited to attend the Ordinary General Meeting to be held on Tuesday, 21st March, 1989, at 3.00 p.m. at the Head Office, 5 Avenue Kléber, Paris 16ème, to consider the following Agenda:

The shareholders who wish to vote by post must register at the Head Office of the Company six days in advance of the Meeting and deposit the certificate of deposit, issued by the bank, financial institution or stockbroker with whom the shares are lodged.

LEUMI INTERNATIONAL INVESTMENTS N.V.

US\$50,000,000 GUARANTEED FLOATING RATE NOTES NOVEMBER 1989 EXTENDIBLE AT THE HOLDER'S OPTION TO 1992. Notice is hereby given pursuant to Condition 4 (A) of the Terms and Conditions of the Notes that any Withdrawal may, at the option, extend the maturity of any Note(s) of which the holder is (and only the holder) entitled to exercise the option to extend through only completed 17 February, 1989.

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The London Motor Conference

London, 6 March, 1989. The Financial Times is arranging an important one-day Motor conference at the Hotel Inter-Continental in London on 6 March.

The speakers taking part include: Mr John Lawson, Executive Director & Automotive Analyst, Normura Research Institute Europe Ltd.

Mr Noël Goutard, President Directeur Général VALEO.

Dr John G White, Group Managing Director BBA Group PLC.

Mr Roger H Storey, Chairman Quinton Hazell plc.

Mr Tim Worrall, Managing Director Quicks Group plc.

Mr Ronald H Lamb, Group Managing Director Solagles Ltd.

Dr John Wormald, Principal Booz Allen & Hamilton.

Professor Garell Rhyss, SMMT Professor of Motor Industry Economics Cardiff Business School.

For information please return this advertisement, together with your business card, to: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4LU.

UK COMPANY NEWS

Acatos denies bid talks and shares fall by 25p

By Claire Pearson

MR IAN HUTCHESON, chairman of Acatos & Hutcheson, the edible oils and fat manufacturer, moved to halt the recent speculative run on his company's shares yesterday with a strong denial of takeover rumours.

Speaking at the company's annual general meeting, he said: "I can assure shareholders that the board is not aware of any proposals for a management buy-out, nor has an approach been received from a third party."

Bowater lifts Norton Opax stake to 25.7%

By Andrew Hill

BOWATER INDUSTRIES, the packaging and industrial products group, has increased its stake in Norton Opax, the specialist printer, from 23.7 to 25.6 per cent just over a week after it sold 1m shares in line with a Takeover Panel ruling.

WCRS sets up TV production company with ex-Trilion staff

By Andrew Hill

WCRS GROUP, the advertising and communications group, has lured some of the management and production staff of Cheerleader, which claims to be Europe's biggest independent sports television production company, away from Trilion, the TV facilities group.

Nally International, WCRS' sponsorship business which is headed by Mr Alan Pascoe, the former Olympic hurdler.

CHI £15m preference issue

By Nikki Tail

CHI INDUSTRIALS, the specialist engineering, building and chemicals group, yesterday announced a £15m issue of cumulative redeemable preference shares.

The company said that the issue, conditional on shareholder approval, would reduce gearing and facilitate a number of "infill" acquisitions.

General Consd

General Consolidated Investment Trust net assets at the year ended December 31 1988 stood at 290.4p per capital and 53p per income.

Scottish Metro

Scottish Metropolitan Property is issuing a further tranche of £50m nominal of 10 1/2 per cent first mortgage debenture stock 2026 at a price to be fixed by reference to a margin of 1.4 per cent over the yield of 9 per cent Treasury stock 2008.

Currency influences help lift Photo-Me to £8.72m

By Peter Franklin

PHOTO-ME International, the photographic booth manufacturer and operator, reported pre-tax profits increased 30 per cent from \$6.6m to \$8.72m for the six months to October 31 1988.

Mr P D Berridge, company secretary, said that the net effect of currency movements had produced a positive result on the figures and that, subject to there being no significant movements in exchange rates, current returns indicated continued growth in trading profit during the second half.

BRITISH TELECOM THIRD QUARTER RESULTS.

"British Telecom's earnings per share for the nine months to 31 December 1988 improved by 12.1% to 19.8 pence, and pre-tax profits rose by 8.4% to £1,862 million, compared with the same period of the previous year."

"This improvement was largely due to the increased use of telephones, with inland and international call volumes up over 10% and over 14% respectively."

"We are continuing to invest, on average, £50 million every week in improving our systems, services and products."

"To date, we've laid more than 300,000 miles of optical fibre, which can carry as many calls as a conventional cable nearly ten times the size."

"We've installed over 1,850 digital exchanges, bringing the benefits of new technology to 4.3 million customer lines so far."

"We are moving towards world leadership in mobile telecommunications with the introduction of Phonepoint, a revolutionary mobile telephone system, and plans for a major investment in McCaw Cellular Communications, Inc., a leading cellular telephone company in the USA."

"In the first three quarters of the financial year, we added 2,900 new payphones to the network; and we continue to increase the number working at any one time."

"We've already provided speedier and more efficient enquiry and order handling services to over half our customers through the Customer Service System - one of Europe's largest computing projects."

"We're cutting delays and disruptions through new network management techniques, which allow calls to be re-routed automatically if lines are overloaded."

"And we have held the prices of our main services steady for over two years - a period during which inflation has risen by over 11%."

"In short, we have achieved a satisfactory financial performance and have continued our drive to better customer service."



IAIN WALLACE, CHAIRMAN

Third quarter and nine months results to 31 December 1988.				
	Third quarter 3 months ended 31 Dec (unaudited)		Cumulative 9 months ended 31 Dec (unaudited)	
	1988	1987	1988	1987
	£m	£m	£m	£m
Turnover	2,790	2,538	8,201	7,497
Operating profit	703	648	2,104	1,918
Profit before tax	623	582	1,862	1,717
Profit after tax	402	371	1,201	1,094
Earnings per share	6.6p	6.0p	19.8p	17.6p

If you have any queries as an investor please call +44 1356 4909. British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.

British TELECOM
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Hopkinsons to dispose of loss-making core business

By Nick Garnett

HOPKINSONS HOLDINGS, the troubled specialist valve maker is to put up for sale its core manufacturing business in Huddersfield.

A management group, with employee participation is being formed to try and buy the company which manufactures steam valves, actuators, boiler mountings and soot blowers.

Manchester Business School

SENIOR MANAGEMENT PROGRAMME (FINANCIAL SERVICES)

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UNIVERSITY OF MANCHESTER

UK COMPANY NEWS

Charterhall rights issues continue with £18.7m call

By Ray Bashford

CHARTERHALL, the investment company headed by Australian businessman Mr Russell Goward, is making its third cash call in the past 12 months following a 46 per cent increase in pre-tax profits in the half year to December 31 1988.

Shareholders are being asked for £18.7m through a one-for-four rights issue at 20p a share compared with yesterday's closing price of 22½p - down 2p.

Mr Goward said that the funds would be employed to continue the acquisition and investment programme which in the past year had led to the £27.2m acquisition of Corah, the textiles group, and substantially increased stakes in three other publicly-listed companies.

Westmax, the Australian company which has a 53.2 per cent interest in Charterhall and is also headed by Mr Goward, is taking up its full entitlement.

Pre-tax profits in the six months were £5.76m compared with £3.95m in the corresponding half in line with the company's policy, shareholders are being offered an alternative between acceptance of a 1p a share dividend or a one-for-15 scrip issue.

Operating profits totalled £8.57m (£4.15m) of which £2m came from property disposal and £600,000 from an asset disposal in the US.

The footwear retailing operations, put together through the acquisition and rationalisation of Allebone at the end of 1987 and Lennards in August last year, are estimated to have contributed slightly below £5m to the pre-tax figure.

The move into footwear retailing has been the centrepiece of Charterhall's transformation from a troubled oil and gas company during the past two and a half years.

The acquisition of Corah is seen as a beachhead in the textiles industry and as forming a second leg of operations in another sector seen by Charterhall as ripe for rationalisation.

The directors have placed a value of £162.4m on group net assets at December 31 of which Tandem Shoes, comprising all the shoe retailing businesses, made up £85m and Corah £40m.

Mr Goward, who is also managing director, explained the increase in worth of Corah since the takeover as being due primarily to the increased effi-

ciency that has been extracted as a result of the rationalisation programme.

Mr Goward again denied that he was a share trader. "I would like to own 100 per cent of all companies that I invest in if I could," he said.

This attitude has left several companies guessing about his intentions during the past 12 months. Charterhall's most prominent holdings are a 29.9 per cent stake in A Goldberg, the Glasgow-based retailer, 25 per cent of Bridport-Gundry, manufacturer of netting and woven products, and a 17 per cent interest in Hornby, the toy and leisure products group.

The chairman said that stakes were held in several other publicly-listed companies but were below the level for declaration and he declined to reveal their identities.

Following the hostilities with the Bridport board at the annual meeting he said: "We are not supportive of the management. Whether we feel it serious enough to launch a hostile bid remains to be seen."

The two previous cash calls were a one-for-two issue last February and a one-for-five last September.

AIPF plans to lift Sutton Water stake via tender offer

By Andrew Hill

MR DUNCAN Saville, a Sydney-based businessman, is attempting to lift his stake in Sutton District Water Company from 12.5 per cent to 29.9 per cent through a tender offer.

Sutton, which is part of Thames Water Authority's region, advised shareholders to do nothing and is hoping to meet with Mr Saville next week.

Associated Insurance Pension Fund, a vehicle for Mr Saville's investments in statutory water companies, is aiming to buy up to £88,000 nominal of Sutton's 7 per cent and 4.9 per cent ordinary stock at £15.10 cash for every £1 nominal.

AIPF said yesterday that it was interested in a long-term strategic shareholding in Sutton and wanted to preserve the company's independence and integrity.

The statement also said benefits might be available to Sutton, which is based in Chess, Surrey, through AIPF's strategic holding in other UK statutory water companies. AIPF also has a 23 per cent stake in Sutton's neighbour, East Surrey Water Company.

If the tender offer is successful, Mr Saville will be reinvest-

ing about £1.33m released last week when AIPF sold part of its UK water portfolio to its joint venture partner Southern Water Authority. Should Mr Saville win more than 25 per cent of the votes he could influence the company by threatening to block its conversion to public limited company status following the flotation of the public water authorities in autumn.

Southern and AIPF mounted unsuccessful counter-bids for two water companies in the authority's region last month. AIPF still owns stakes in West Kent, Mid-Sussex, Eastbourne, Folkestone and Mid Kent water companies. Southern has influential 25 per cent stakes in the first four, which are owned by French water suppliers.

AIPF also holds 1.7 per cent of Sutton's non-voting 3.15 per cent preference stock. The tender offer closes on February 27.

Tribune assets up
The net asset value of Tribune Investment Trust stood at 218.2p at December 31 1988 - an advance of 14 per cent.

Net revenue was £2.47m (£1.95m). A final dividend of 3.25p makes 4p (3.9p).

Owners Abroad in optimistic mood as profits rise to £9.6m

By Clare Pearson

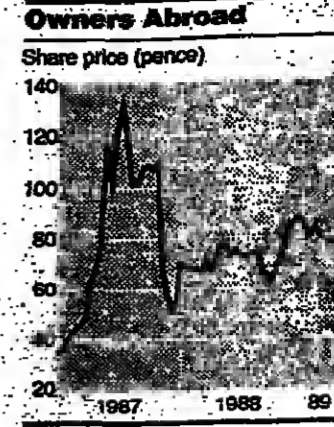
OWNERS ABROAD, tour operator and airline seat broker, lifted pre-tax profits from £3.46m to £9.64m in the year to the end of last October.

Yesterday's announcement followed recent news that leading tour operators were cutting capacity in response to a sharp downturn in bookings this year. But Owners Abroad stressed it welcomes such measures which should lead to increased industry profitability by preventing heavy price discounting.

Although it was too early in the season to take a firm view, early indications for its own business were good. The company's own summer bookings were about 10 per cent ahead in the tour operating division, while Air 2000, the airline would this year increase its fleet from four to seven.

There is a final dividend of 1.75p, down from 2.1p last time but making an increased 2.35p (2.10p) for the year. Earnings per share came out at 7.97p (1.47p). There was a one-for-two rights issue last July.

Exceptional items in 1988 amounted to £1.36m (£3.7m). They included a £444,000 compensation payment to Mr Neil Scott, who resigned as chairman last April, £432,000 worth



£3.85m (£3.25m) contribution to operating profits. There was no profits breakdown between other activities.

COMMENT
Now that the British holiday industry appears to have put the axe of cut-throat price wars behind it, nasty occurrences like rises in mortgage rates are not so frightening as they might seem for a company such as Owners Abroad. The seat wholesaling side can indeed benefit from operators adopting a more flexible approach to capacity. Although growth is not going to be as dramatic, followers are looking for another good year from the industry with benefits coming through from the expansion of the airline fleet, the non-recurrence of exceptional such as Tjæreberg losses and provisions for office refurbishments, and a full-year's help from the £12.65m rights issue. Pre-tax profits of at least £13.5m are in sight for 1989, putting the stakes on a p/e multiple of about 8.5: apparently undemanding, although trading will probably be quiet pending more information about this year's holiday demand. Eagle Trust still has 15 per cent of the shares but speculative interest fizzled out last year.

SCMB reports marginal improvement to £18.2m

STANDARD CHARTERED Merchant Bank, wholly-owned subsidiary of Standard Chartered, announced pre-tax profits of £18.2m for 1988, marginally ahead of the previous year.

Sir Leslie Fletcher, chairman, said that as SCMB moved away from asset-based income, its success and profitability depended on a high level of

international corporate and stock market activity.

Project Finance activity showed a dramatic increase in completions over previous years. Seminar Development Capital Fund made a number of investments both in the UK and US, and has now invested about 50 per cent of its funds.

Futura predicts standstill

By David Waller

FUTURA HOLDINGS, the Manchester-based manufacturer and distributor of footwear, yesterday indicated in a brief Stock Exchange announcement that pre-tax profits for 1988 would amount to £450,000, exactly the same as the previous year.

No further financial details

were forthcoming, although the company did add that the current order book is lower than it was at this time in 1988. Shares in Futura fell 2p to 123p, capitalising the company at £4.5m.

Last year, Futura was taken over by Mr Beverley Oates, a Mancunian businessman.

Ricardo defence criticised

First Technology yesterday sharply criticised the defence document issued on Wednesday by Ricardo Group, the engine and transmission designer which is resisting its £21m all-paper takeover bid. Although calling Ricardo's

£1.1m interim pre-tax profits which accompanied the document a "remarkable achievement in this bid situation," First Technology noted that the results only represented a return to the half-way figures achieved three years ago.

BOARD MEETINGS

Admiral Composting	Mar. 9
General Accident	Mar. 1
Jacobs (John)	Mar. 21
Lex Services	Mar. 7
Metal Bullfinch	Mar. 1
Newsome Sims & Jeffries	Mar. 2
Rolls Royce	Mar. 22
Royal Dutch Petroleum	Mar. 2
Shell Transport & Trading	Mar. 2
Shell Transport & Trading	Mar. 2
Trade Indemnity	Mar. 21
Vidulich	Mar. 8

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FT 30	FTSE 100	WALL STREET
Feb. 16/9/1677 -23	Feb. 16/7/247 -30	Feb. 2303/2315 +8
Mar. 1679/1688 -23	Mar. 2050/2060 -30	Mar. 2315/2327 +8

Prices taken at 5pm and change is from previous close at 9pm

On course.

British Airways pre-tax profits for third quarter to 31 December 1988 were £51m, up 46 per cent.

Group turnover up 20 per cent to £1053m.

Earnings up 44 per cent to 4.6 pence per share.

15 per cent more passengers on scheduled services, cargo up 37 per cent.

New First Class service announced.

BRITISH AIRWAYS

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BP strength in a year of fluctuating oil price.

- Replacement cost* profits were up 10% in spite of the low oil price.
- Worldwide refining and marketing operating profit increased by over 60%.
- BP Chemicals achieved record profits up 126%.
- The acquisition of Britoil has substantially improved our North Sea prospects. BP Exploration is now both the largest oil producer and holder of crude oil reserves in the UK North Sea.
- Sixth successive year of dividend increase.

Financial highlights	1988	1987
Group profit		
— historical cost	£1,210m	£1,391m
— replacement cost	£1,437m	£1,308m
Earnings per share	20.0p	24.9p
Dividend per Ordinary Share for full year	13.5p	12.5p

Dividend growth 1983–1988 69%.

*Which excludes stockholding losses.

The contents of this advertisement, for which the Directors of The British Petroleum Company p.l.c. are solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986 by Ernst & Whinney, a firm authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business. The British Petroleum Company p.l.c. is required by the rules of The Securities and Investment Board to state that past performance is not necessarily an indication of future performance.



UK COMPANY NEWS

Crest Nicholson up 50% at £36m

By Andrew Taylor, Construction Correspondent

CREST NICHOLSON'S announcement yesterday of a 50 per cent increase in pre-tax profits continued the recent string of good results from residential and commercial property developers.

property profits rose from £3.1m to £7.6m. He said the company was planning to increase the number of homes sold this year from about 1,400 to about 1,600, despite more difficult market conditions.

TEN-YEAR RECORD table with columns: Year, Turnover £m, Pre-tax profit £m. Rows: 1978-1988.

Crest said increased house sales to housing associations and building societies were unaffected by rising interest rates. The company planned to bring several new sites on stream this year which would also help to increase sales.

Harding £2.57m buy

Harding Group yesterday announced the acquisition of Advance Electrical Distributors, an electrical products distributor, for £2.57m in cash and paper.

Nesco buys 90% of IIDM

By Andrew Hill

NESCO INVESTMENTS has moved closer to its ambition of becoming an information technology group with the acquisition of 90 per cent of IIDM, a French computer software company.

Mr Lodge said that Nesco, which has suffered from the devaluation of the Nigerian currency, was looking to expand its information technology interests in the financial sector, and the distribution and manufacturing management fields.

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SHARE STAKES

The following changes in company share stakes were announced recently: Atlas Converting Equipment - Mr CR Rogers, chairman, has reduced his shareholding to 2.26m (27.9 per cent) with the sale of 250,000 ordinary at 32p each.

Derwent Valley Holdings - property profits rose from £3.1m to £7.6m. He said the company was planning to increase the number of homes sold this year from about 1,400 to about 1,600, despite more difficult market conditions.

with the sale of 250,000 ordinary - NDJ Freeman to 289,207 (59.293); DG Pease to 1.16m (140,000); RG Portgall to 2.48m (282,342). The shares were sold for 98.5p each.

holding of 25.11m ordinary (25.37 per cent). Owen & Robinson - Mr FW Lawrence has reduced his holding to 168,054 shares (6 per cent) with the sale of 82,500.

Sharp & Law makes first European acquisition

By Andrew Hill

SHARP & LAW, the USM-quoted shopfitting group, has made its first acquisition in continental Europe, buying Gihlin Lavault, a French shop-fitter and kitchen manufacturer, for FF12.5m (£1.13m) in cash.

strength in food display units. Sharp was also considering further expansion in Europe, through acquisition, organic growth or joint ventures in Belgium, the Netherlands or Luxembourg.

The senior management of Gihlin, which is based in Migennes, 80 miles south of Paris, has left as part of a programme of restructuring and redundancies at the French group. In all, 38 jobs will be lost, although Sharp will bear none of the redundancy costs.

River and Mercantile net assets expansion

RIVER AND Mercantile Trust, a split-level investment trust, reported net assets of 49.48p per income share and 150.98p per capital share at December 31, 1988.

income share worked through at 8.75p (5.63p). Directors said that strong corporate earnings and dividend growth enabled a proposed final dividend of 2.36p, making 6.55p (5.67p) for the year.

Expamet in \$3.1m US expansion

Expamet International, the bedding products and security store, yesterday said that its US subsidiary had acquired OAI, a hydraulic bladder accumulator manufacturer, for \$3.1m (£1.75m).

T&N South Africa margins suffer

Turner & Newall Holdings, 51 per cent-owned South African subsidiary of T&N, increased 1988 turnover from R145.6m to R294.7m. Pre-tax profits, however, improved by only R300,000 to R20.5m (24.78m).

can subsidiary of T&N, increased turnover by R27.1m to R105.7m and profits before tax by R5.8m to R10.5m. As already announced, T&N is to sell its 76 per cent stake in Asseng to Turner & Newall Holdings, another South African subsidiary.

Ladbroke Group has declared its 1988 offer for Thomson T-Line conditional after having received acceptances for 80.9 per cent. Mr Cyril Stein, chairman and managing director, said the 90p per share offer had allowed Ladbroke to acquire Vernon's football pools, "at a realistic price."

TVS stake transferred

By Andrew Hill

THE ownership of a 12.44 per cent stake in TVS Entertainment, the independent television contractor, has been transferred from Generale d'Images, the French television production company, to its parent, Compagnie Generale des Eaux, the water supplier and service group.

Each picked up 10 per cent of the TV company's fully-diluted share capital at 340p per share. British law prevents any single foreign investor from owning more than 10 per cent of a regional TV company.

General des Eaux paid 340p per share for its subsidiary's stake, which is worth about £25m. In addition, it bought £3.95m of subordinated convertible unsecured loan stock, which was also part of last year's MTM deal.

IBC tucks another US publisher under its wing

By Clay Harris

INTERNATIONAL Business Communications (Holdings), the financial typeset publisher and conferences organiser, is to buy Political Risk Services, a US-based newsletter publisher.

Ex-MS-C chief uneasy on Highams share sale

MR NICHOLAS BERRY, former chairman of Manchester Ship Canal Company, has found it "incomprehensible" that the institutions had accepted the offer.

Department of Trade and Industry by the then-board of MSC, Mr Berry told the inquiry that the company's solicitors had been informed by the DTI that Highams had admitted breaches of the Prevention of Fraud (Investments) Act 1968 in relation to the distribution of nominee forms without an authorised dealer in securities.

disputed by Mr Dakin, who said that the present set of the time in the Argh/Distillers case suggested that the "foreseeable future" was roughly three months.

First Union Corporation U.S. \$150,000,000 Floating Rate Notes due 1996. The rate of interest per annum on First Union Corporation's U.S. \$150,000,000 Floating Rate Notes due 1996 for the interest period beginning 16th February, 1989 and ending 16th May, 1989, the next interest payment date, will be 9%.

TAKE-OVER BID FOR FORGES DE CINEY S.A. (IN BANKRUPTCY) BY YALE & VALOR PLC.

On behalf of the former majority share-holders who sold their S.A. Forges de Ciney shares to Valor, a limited company under English law, Mr. Audo Mabeuca hereby states that:

ARROW CAPITAL N.V.

Established in Curaçao, Netherlands Antilles. This notice is important and requires your urgent attention. Notice is hereby given that on March 4, 1989 at 3 o'clock in the afternoon (local time) the Annual General Meeting of Shareholders of the Company will be held at the offices of the Company, John B. Gortzweg 6, Willemstad, Curaçao, Netherlands Antilles, for the following purpose:

GULF CANADA RESOURCES LIMITED (Formerly Gulf Canada Limited) NOTICE OF REDEMPTION TO EACH HOLDER OF 14% NOTES DUE APRIL 1, 1992. NOTICE IS HEREBY GIVEN that Gulf Canada Resources Limited (the "Company") intends on April 1, 1989 (the "Redemption Date") to redeem all of its outstanding 14% Notes due April 1, 1992 (the "Notes").

GRANVILLE SPONSORED SECURITIES High Low Company Price Change Div Yield % P/E. 320 285 Am. Brc. Inv. Ordway 53000 0 10.3 3.3 8.4 306 186 Am. Brc. Inv. Ordway 306 0 10.0 3.3 -

COMPANY NOTICE INCO INCO LIMITED Dividend Notice Series B Preferred Shares A quarterly dividend of 7.00p per annum per share has been declared payable March 1, 1989 to shareholders of record as of February 22, 1989.

How much did the property sector raise in the capital markets in 1988? What financing techniques are available and how do they work? Unitisation and securitisation - are they the future? How indebted is the property sector? 'FINANCING PROPERTY' has the answers. SAVILLS 01-499 8644 20 Grosvenor Hill, London W1X 0HQ

COMMODITIES AND AGRICULTURE

Exxon chairman bullish on oil for early 1990s

By Steven Butler

MR LARRY RAWL, chairman of Exxon, the US-based international oil group, yesterday took a relatively bullish view on the outlook for oil prices, in which he expected substantial price rises early in the next decade.

Denmark in campaign to control salmonella

By Hilary Barnes in Copenhagen

DENMARK'S VETERINARY Directorate and the country's poultry industry are co-operating in a campaign to control the spread of salmonella bacteria.

Ex-King Sugar causes Caribbean dilemma

Canute James studies the decline of a once-great export industry

THERE WAS a time when King Sugar ruled the economies of the Caribbean. That it no longer does has left many countries in the region with a dilemma.



Mechanisation is discouraged to maintain high employment rate

Efforts at diversification have had moderate results so far. In the Dominican Republic, the region's major producer after Cuba, the State Sugar Council faced with bankruptcy, has been selling former cane fields to investors who are developing industrial parks and tourism resorts.

employed in the ventures which can replace sugar production.

This is contributing to the poor economic condition of the industry. To maintain high rates of employment, governments have stood firmly against widespread mechanisation which would improve the viability of the industry.

nis Lalor, chief executive of the ICWI Group, a financial services conglomerate.

"Our sugar production goes to a market dependent on political considerations. It goes to the European market based on an agreement, while European production of beet sugar is far in excess of demand. So in reality, the Europeans are doing Jamaica a favour. Strategically that is a very invidious position to be in."

Commission intends to tackle agricultural fraud

By Tim Dickson in Brussels

A FURTHER sign that the problem of agricultural subsidy fraud is at last being taken seriously by the European Commission, the Commission yesterday stressed the importance of the role it can play in the publication of what could at least be described as a firm statement of intent from the European Commission.

Jamaica to resume banana shipments

By Canute James

SHIPMENTS OF Jamaican bananas to Britain, which were interrupted when the island was hit by a hurricane in September last year, are to be resumed at the end of next month, according to the island's Banana Export Company.

Sharp price rise catches tin consumers off guard

By Kenneth Gooding, Mining Correspondent

TIN CONSUMERS have been caught off guard by the sharp rise in the metal's price in recent days. Tin for immediate delivery was traded at nearly \$2,000 a tonne on the European free market yesterday, \$75 a tonne above the price on Wednesday afternoon and the highest level since March 1986.

Brazilian sugar sales announced

By John Barham in Sao Paulo

BRAZIL'S SUGAR and Alcohol Institute has announced its first major export contract of the year. Mr Araripé Serpa, the institute's president, said this week that Portugal, Bulgaria and Czechoslovakia have each bought 100,000 tonnes of Brazilian sugar.

Japan studies plan for metals futures markets

THE JAPANESE Ministry of International Trade and Industry (MITI) has commissioned a feasibility study into the possibility of establishing non-ferrous metals futures markets in Japan, reports Reuters from Tokyo.

The newspaper said the markets, to be set up in Jilin, Sichuan and Henan provinces and the central city of Wuhan, would include such metals as zinc, silver, molybdenum, tin, tungsten, silk, ramie (a coarse textile fibre), rabbit wool and live pigs, as well as steel materials.

LONDON MARKETS

Table of commodity prices in London, including categories like COCOA, COFFEE, SUGAR, and various oils. Columns include 'Close', 'Previous', and 'High/Low' prices.

WORLD COMMODITIES PRICES

Table of world commodity prices, including categories like LONDON METAL EXCHANGE, LONDON BULLION MARKET, and GRAINS. Columns include 'Close', 'Previous', and 'High/Low' prices.

US MARKETS

Table of US market prices, including categories like GOLD and SILVER. Columns include 'Close', 'Previous', and 'High/Low' prices.

Chicago

Table of Chicago market prices, including categories like SOYABEAN MEAL, SOYABEAN OIL, and WHEAT. Columns include 'Close', 'Previous', and 'High/Low' prices.

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LONDON STOCK EXCHANGE

Shares ease ahead of US trade data

AN INCREASINGLY cautious UK stock market continued to give ground yesterday but steadied in the second half of the session when Wall Street came in with another round of early gains. The latest batch of data on domestic earnings, wage costs and employment found a somewhat bearish reception. However, the rest of the market's nerve will come today when it must face the domestic Retail Price Index and December trade figures from across the Atlantic.

Account Opening Dates table with columns for month and date.

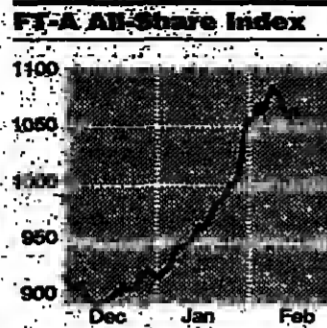
The low point came following disclosure of a larger than expected 2.2 per cent annualised gain in unit wage costs for December, and a gain of 8.75 per cent in average earnings for the month, both of which were seen as a sign of continuing strength in the economy.

libet without any major selling. The market rallied towards the close, to show a final reading on the FT-SE Index of 2038.8, a net fall of 18.7. Market analysts remained cautious on the outlook for equities. Most agree that the expected technical correction has yet to come.

bull phase. However, traders stressed the contribution from the trading programmes. "Of course all business is good business, but without the programmes we would have had another thin day," commented a trader at a large US house.

Conran stores shock

The share price of Sir Terence Conran's Storehouse group turned in a resilient performance in the wake of further bad news from the company. As soon as the 248m charge against pre-tax profits for the current year was announced, Storehouse dropped 7 to 172p.



30p amid suggestions that it was about to launch a bid for rival International City Holdings (ICM). However, MAI subsequently said: "The suggestion that MAI will bid for the whole of ICH is untrue."

market to 220p. Plessey, the sector's number one bid candidate, formed a penny to 255p. "Why sell Plessey in a weak market when there's everything else to sell," said one trader.

Saatchi aflame

Saatchi & Saatchi, the international advertising agency, came sharply into focus after a front page story in the industry's main tabloid claimed that two former US executives might make an ambitious bid for the group.

Equity Shares Traded Turnover by volume (million) 1000

Laporte nervous Laporte Industries shares twined nervously awaiting next Wednesday's annual figures, losing 11 to 400p.

week were pushed higher by a severe squeeze as marketmakers hurried to find stock for their trading books. At 1196 1/2p, the shares rose 11 1/2, although turnover was an unimpressive 1.5m shares.

News of British Telecom's third-quarter figures at the low end of expectations was greeted with a curf of 5 to 277p.

Thornton's, the chocolate maker, added 7 at 150p on what one marketmaker described as "very vague bid talk."

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (1988) BRITISH FUNDS (BY DATE) ... NEW LOWS (1988) ...

APPOINTMENTS

has become a director of ANSVAR INSURANCE, which caters for non-drinkers. He is vice chairman of the UK Temperance Association.

New post for Robin Ibbs

Sir Robin Ibbs, deputy chairman of Lloyds Bank, and until recently adviser to the Prime Minister on efficiency and effectiveness in government, has been appointed chairman of LLOYDS MERCHANT BANK HOLDINGS.

CHRISTIAN SCHIPPMANN Official Agent of NORTHWEST GERMAN STATE LOTTERY

What are your chances of making a million this year? We all like to gamble now and then. Especially if our chances of winning are high. Even better when the prizes are high too.

TRADING VOLUME IN MAJOR STOCKS

Table with columns for Stock, Value, Change, etc. listing various companies and their trading volumes.

FINANCIAL TIMES STOCK INDICES

Table with columns for indices: Government Secs, Fixed Interest, Ordinary, Gold Mines, etc., showing values and changes.

TRADING VOLUME IN MAJOR STOCKS

Table with columns for Stock, Value, Change, etc. listing major stocks and their trading volumes.

and related to the signing of the Luftansa contract for the purchase of 15 Airbus Industrie A340 aircraft and options on 15 more, worth some \$3bn.

as "more reason to prefer Shell." Although fears of selling from the US proved overdone, there was no recovery in the shares. The BP partly-paid stock ended 4 off at 170p on turnover of 3.5m, with the old shares 4 down at 21p on 8m.

Lottery ticket form with fields for name, address, city, and ticket details.

Wallis Ltd

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

INSURANCES

Table listing insurance companies and their unit trusts, including AA Friendly Society, Abbey Life Assurance Co Ltd, and others.

OTHER UK UNIT TRUSTS

Table listing various UK unit trusts such as City of Edinburgh Life Assurance, City of Westminster Assurance Co, and others.

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Main table containing unit trust information with columns for Name, Unit Price, and Yield. Includes sections for 'MANAGEMENT SERVICES', 'OFFSHORE AND OVERSEAS', 'GUERNSEY AUTHORISED', 'JERSEY AUTHORISED', 'LUXEMBOURG AUTH'D', 'BERMUDA AUTHORISED', and 'OTHER OFFSHORE FUNDS'.

Handwritten note: 10/11/10

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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their managers, and performance metrics.

LONDON SHARE SERVICE

Table of London Share Service listing British Funds, Foreign Bonds & Rails, and American stocks.

Table of Money Market Trust Funds and Bank Accounts listing various financial products and their details.

LONDON SHARE SERVICE

AMERICANS - Contd. Table with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

CANADIANS. Table listing Canadian stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

BANKS, HP & LEASING. Table listing bank and leasing stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

BEERS, WINES & SPIRITS. Table listing beverage stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

BUILDING, TIMBER, ROADS. Table listing construction and infrastructure stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

BUILDING, TIMBER, ROADS - Contd. Table continuing construction and infrastructure stocks.

CHEMICALS, PLASTICS. Table listing chemical and plastic stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

DRAPERY AND STORES. Table listing retail and clothing stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

ENGINEERING. Table listing engineering and technology stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

ELECTRICALS. Table listing electrical and utility stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

ENGINEERING - Contd. Table continuing engineering and technology stocks.

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ENGINEERING - Contd. Table continuing engineering and technology stocks.

FOOD, GROCERIES, ETC. Table listing food and grocery stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

HOTELS AND CATERERS. Table listing hotel and catering stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

INDUSTRIALS (Misc.) - Contd. Table continuing miscellaneous industrial stocks.

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INSURANCES. Table listing insurance stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

LEISURE. Table listing leisure and entertainment stocks with columns for Stock, Price, Div, Yld, P/E, and other financial metrics.

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LONDON SHARE SERVICE

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LEISURE - Contd. Table listing various leisure companies like TVT, Leisure, etc. with columns for price, change, and volume.

PROPERTY. Table listing property-related companies with columns for price, change, and volume.

TEXTILES - Contd. Table listing textile companies with columns for price, change, and volume.

TRUSTS, FINANCE, LAND - Contd. Table listing trusts, finance, and land companies with columns for price, change, and volume.

OIL AND GAS - Contd. Table listing oil and gas companies with columns for price, change, and volume.

MINES - Contd. Table listing mining companies with columns for price, change, and volume.

MOTORS, AIRCRAFT TRADES. Table listing motor and aircraft trade companies with columns for price, change, and volume.

TOBACCO. Table listing tobacco companies with columns for price, change, and volume.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for price, change, and volume.

OVERSEAS TRADERS. Table listing overseas traders with columns for price, change, and volume.

PLANTATIONS. Table listing plantation companies with columns for price, change, and volume.

THIRD MARKET. Table listing third market companies with columns for price, change, and volume.

COMMERCIAL VEHICLES. Table listing commercial vehicle companies with columns for price, change, and volume.

TRUSTS, FINANCE, LAND. Table listing trusts, finance, and land companies with columns for price, change, and volume.

FINANCE, LAND, ETC. Table listing finance and land companies with columns for price, change, and volume.

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NEWSPAPERS, PUBLISHERS. Table listing newspaper and publishing companies with columns for price, change, and volume.

SHIPPING. Table listing shipping companies with columns for price, change, and volume.

SHOES AND LEATHER. Table listing shoes and leather companies with columns for price, change, and volume.

OIL AND GAS. Table listing oil and gas companies with columns for price, change, and volume.

FINANCE. Table listing finance companies with columns for price, change, and volume.

REGIONAL & IRISH STOCKS. Table listing regional and Irish stocks with columns for price, change, and volume.

PAPER, PRINTING, ADVERTISING. Table listing paper, printing, and advertising companies with columns for price, change, and volume.

SOUTH AFRICANS. Table listing South African companies with columns for price, change, and volume.

TEXTILES. Table listing textile companies with columns for price, change, and volume.

OIL AND GAS. Table listing oil and gas companies with columns for price, change, and volume.

FINANCE. Table listing finance companies with columns for price, change, and volume.

TRADITIONAL OPTIONS. Table listing traditional options with columns for price, change, and volume.

NOTES. Section providing additional information and disclaimers regarding the data presented in the tables.

REGIONAL & IRISH STOCKS. Section providing details for regional and Irish stocks, including company names and prices.

IRISH. Section providing details for Irish stocks, including company names and prices.

TRADITIONAL OPTIONS. Section providing details for traditional options, including company names and prices.

PROPERTY. Section providing details for property-related stocks, including company names and prices.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling up from weak start

Sterling recovered from a weak start in currency markets yesterday, gaining strength from a decision by the West German Bundesbank to leave its key lending rates unchanged.

compared with DM3.2700. It was also lower against the yen at Y233.75 from Y224.25. Elsewhere, it finished at SFr2.7725 from SFr2.7750 and FF11.0850 against FF11.1300.

The dollar was supported by unchanged German interest rates. Trading was confined to a narrow range for much of the day as investors retreated to the sidelines ahead of US trade data for December.

EMS EUROPEAN CURRENCY UNIT RATES table with columns for currency, rate, and change.

STERLING INDEX

STERLING INDEX table showing values for various currencies against the pound.

CURRENCY RATES

CURRENCY RATES table listing exchange rates for various international currencies.

CURRENCY MOVEMENTS

CURRENCY MOVEMENTS table showing percentage changes in exchange rates.

OTHER CURRENCIES

OTHER CURRENCIES table listing rates for various regional currencies.

EXCHANGE CROSS RATES

EXCHANGE CROSS RATES table showing cross-currency exchange rates.

MONEY MARKETS

A clearer picture

THE INTEREST RATE picture became a little clearer yesterday, with the US Federal Reserve continuing to tighten short term credit conditions in New York and the West German Bundesbank leaving its monetary policy unchanged at yesterday's council meeting.

per cent at yesterday's securities purchase agreement tender. The Bank of England forecast a money market credit shortage of £360m in London, and provided total assistance of £351m.

FINANCIAL FUTURES

Bundesbank boosts prices

ACTIVITY HAS turned away from March short sterling futures on Liffe, as traders have become resigned to a period of unchanged bank base rate beyond delivery of the contract on March 19.

The June contract opened weakly, but rallied on news that the Bundesbank had left key West German interest rates unchanged at yesterday's council meeting.

LIFFE LONG GILT FUTURES table with columns for price, bid, ask, and settlement.

LIFFE US TREASURY BOND FUTURES table with columns for price, bid, ask, and settlement.

LIFFE EURO DOLLAR table with columns for price, bid, ask, and settlement.

LIFFE SHORT STERLING table with columns for price, bid, ask, and settlement.

LIFFE 3-MONTH STERLING table with columns for price, bid, ask, and settlement.

LIFFE 3-MONTH EURO DOLLAR table with columns for price, bid, ask, and settlement.

LIFFE 3-MONTH STERLING table with columns for price, bid, ask, and settlement.

LIFFE 3-MONTH EURO DOLLAR table with columns for price, bid, ask, and settlement.

today's retail prices index for January. This is expected to show a sharp rise. The announcement of an unchanged increase of 8.75 per cent in the underlying level of UK average earnings was well received.

Traders in short sterling remained concerned about inflation in the UK, ahead of today's retail prices index for January.

LIFFE 3-MONTH STERLING table with columns for price, bid, ask, and settlement.

LIFFE 3-MONTH EURO DOLLAR table with columns for price, bid, ask, and settlement.

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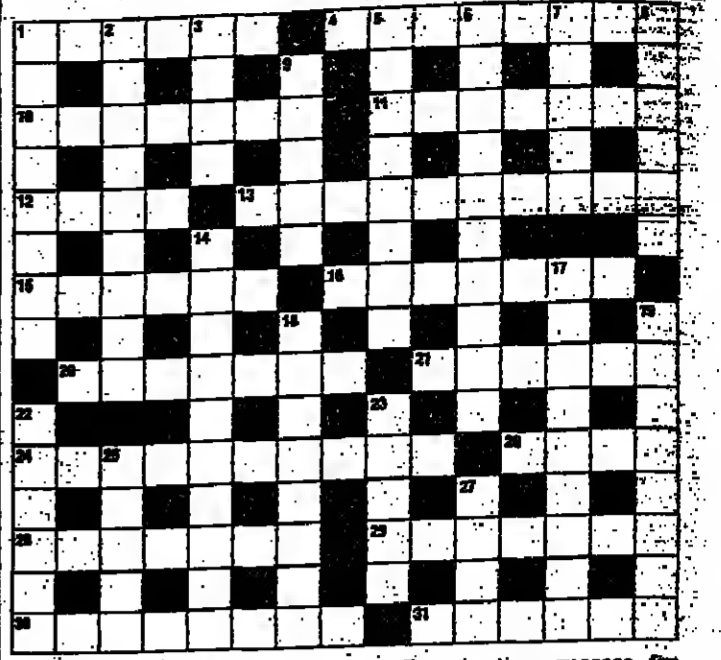
LIFFE 3-MONTH STERLING table with columns for price, bid, ask, and settlement.

LIFFE 3-MONTH EURO DOLLAR table with columns for price, bid, ask, and settlement.

LIFFE 3-MONTH STERLING table with columns for price, bid, ask, and settlement.

CROSSWORD

No. 6,863 Set by DANTE



- ACROSS 1 The agent admits the general is lethargic (6)
- 2 Church and nest builder (4)
- 3 Examination success for scrub-headed dunce (4)
- 4 Girl given a hand out on the balcony (5)
- 5 Direct opposite of a scholarly exercise? (10)
- 6 Excludes use of foreign law (5)
- 7 Sarah's turn to worry (6)
- 8 Result of test matches or match tests (6)
- 9 Sarah's one live form of broad-casting (10)
- 10 Look in public transport for what women wear (7)
- 11 Ought Chinese capital to be right at this time of year? (7)
- 12 I'm half a day with a Moslem leader (4)
- 13 Shares exist in false teeth (10)
- 14 A bit vulgar, perhaps? (5)
- 15 Hang around and see it return again (6)
- 16 Party will go out - it's about with eccentric travellers (7)
- 17 Encountered? Rose going about with eccentric travellers (7)
- 18 Strain - a trifle unexpected? (6)
- 19 Coast in cafe on raucous get take-away (10)
- 20 Church and nest builder (4)
- 21 Ends an interim arrangement (7)
- 22 Master takes female, fifty, in marriage (7)
- 23 A number with a preference for a chessman's job (3)
- 24 Find company in one churchman or another (5)

Solution to Puzzle No. 6,862 grid with letters filled in.

JOTTER PAD section with a grid for notes.

COMPANY NOTICES

NOTICE TO HOLDERS OF WARRANTS FUKUYAMA TRANSPORTING CO., LTD. 3/4 per cent Guaranteed Bonds due 1991 with Warrants ('1986 Warrant')

THE MITSUBISHI BANK, LIMITED as the Principal Paying Agent on behalf of FUKUYAMA TRANSPORTING CO., LTD.

GENERAL MOTORS CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the Corporation's Declaration of a Dividend of \$1.50 (gross) per share of the Common Stock of the Corporation.

LEGAL NOTICE section with various legal notices and advertisements.

FT LONDON INTERBANK FIXING

FT LONDON INTERBANK FIXING table showing interbank rates for various currencies.

MONEY RATES

MONEY RATES table showing rates for Treasury Bills and Bonds.

LONDON MONEY RATES

LONDON MONEY RATES table showing overnight, 7 days, and 1 month rates.

EUROPEAN OPTIONS EXCHANGE

EUROPEAN OPTIONS EXCHANGE table with columns for date, price, and volume.

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EUROPEAN OPTIONS EXCHANGE table with columns for date, price, and volume.

EUROPEAN OPTIONS EXCHANGE table with columns for date, price, and volume.

BASE LENDING RATES table showing rates for various banks.

World Markets

WORLD STOCK MARKETS

Main table containing stock market data for various countries including Austria, France, Germany, Italy, Sweden, Switzerland, and Japan. Each section lists stock symbols, prices, and percentage changes.

CANADA

Table of Canadian stock market data, including Toronto and Montreal indices and individual stock prices.

INDICES

Table of various stock indices including Dow Jones, Nikkei, and others, with columns for date, value, and change.

Table of New York Active Stocks, listing individual stocks and their performance.

Table of Tokyo - Most Active Stocks, listing Japanese stocks and their performance.

Advertisement for Financial Times, featuring the headline '12 issues free when you first subscribe to the Financial Times' and a coupon for subscription details.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4pm prices February 16

Main table of stock prices with columns for 12 Month, High, Low, Close, and various stock symbols. Includes sub-sections for C-C, H-H, and N-H.

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NYSE COMPOSITE PRICES

OVER-THE-COUNTER

Nasdaq national market, 3pm prices February 18

Main table of NYSE Composite Prices, listing various stocks with columns for stock name, price, and change.

Main table of Over-the-Counter prices, listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

4pm prices February 18

Table of AMEX Composite Prices, listing various stocks with columns for stock name, price, and change.

Table of Over-the-Counter prices (continued), listing various stocks with columns for stock name, price, and change.

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